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**IMPACT OF ILLEGAL IMMIGRATION ON PUBLIC BENEFIT  
PROGRAMS AND THE AMERICAN LABOR FORCE**

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Y 4. J 89/1:104/28

Impact of Illegal Immigration on Pu...

**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON  
IMMIGRATION AND CLAIMS  
OF THE  
COMMITTEE ON THE JUDICIARY  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTH CONGRESS  
FIRST SESSION

APRIL 5, 1995

**Serial No. 28**



Printed for the use of the Committee on the Judiciary

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# IMPACT OF ILLEGAL IMMIGRATION ON PUBLIC BENEFIT PROGRAMS AND THE AMERICAN LABOR FORCE

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WEDNESDAY, APRIL 5, 1995

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON IMMIGRATION AND CLAIMS,  
COMMITTEE ON THE JUDICIARY,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 1:43 p.m., in room 2226, Rayburn House Office Building, Hon. Lamar Smith (chairman of the subcommittee) presiding.

Present: Representatives Lamar Smith, Elton Gallegly, Carlos J. Moorhead, John Bryant of Texas, Barney Frank, and Xavier Becerra.

Also present: Cordia A. Storm, chief counsel; Edward R. Grant, counsel; George Fishman, assistant counsel; Cynthia Blackston, clerk; and Paul Drolet, minority counsel.

## OPENING STATEMENT OF CHAIRMAN SMITH

Mr. SMITH. The Subcommittee on Immigration and Claims will come to order.

I would like to welcome everyone who is present, our visitors as well as our many panelists who are here today, as well as members of the media and I would like to extend a special welcome to the Potomac school students who are here along with their teacher, Gail Neals. So far as I know, this is their first trip to see a subcommittee in action, and we appreciate their interest very much.

One other quick announcement and that is that we are expecting a vote on the House floor momentarily, and if all goes well, about 7 minutes after that vote, a colleague from California is going to rush into the door and take my place so that we can keep the hearing going and not have to take a recess for the first vote, and, hopefully, we will be able to plan ahead for the other votes, as well.

This is an important hearing. There is much ground to cover today, and we want to be able to get on with it and continue. Today's hearing addresses the impact of illegal immigration on legal residents and the citizens. That impact is like a triple body blow.

First, it strikes public treasuries, local, State, and Federal. Second, it slugs American workers, particularly low skilled. And third, it slams communities, particularly minorities.

Citizens are not likely to continue to take this kind of a beating. Regardless of its repercussions, illegal immigration is wrong. It de-

grades the rule of law. It mocks legal immigrants who have played by the rules and waited in line, often for years and years.

The American Heritage Dictionary says illegal means prohibited by law. Most Americans expect to follow the law, and persons wishing to immigrate to the United States should do the same.

Our laws to curb illegal immigration are not about exclusion. They are about affirmation, affirmation of citizenship, affirmation of our commitment to accept and support the rule of law.

We hold the privileges of citizenship dear, because our survival as a nation depends on individuals accepting the duties of citizenship, of voluntarily agreeing to live under the rule of law. Holding a job and obtaining a public benefit are privileges of legal residency and citizenship.

Today, by the Immigration and Naturalization Service's conservative estimates, there are over 3 million illegal aliens in the United States. Each year, 300,000 to 400,000 more slip into the country permanently.

Most illegal immigrants do not come to the United States independently wealthy. It seems to me that is obvious. They come for a job or for public benefits.

When they work, they often take jobs from legal residents and the citizens. When they take public benefits, they often strain public treasuries.

The result is fewer jobs, fewer available benefits, and higher taxes for legal residents and the citizens. Economic theory is clear: Increase the supply of low-skilled workers and the wages and employment of native low-skilled workers suffers.

Today, we will hear from economists who have measured their effects. Make no mistake, workers measure it. They are the people who pulled up stakes from Los Angeles to Houston because they couldn't compete with illegal labor.

Those with fewer employment skills have the most to lose. They are trying to climb the economic ladder, but are having it knocked out from underneath them. Unfortunately, it is minorities who are particularly hard hit.

At a time when government budgets are being cut, we cannot continue to accept having public treasuries drained by illegal aliens. Studies may differ as to the level of imbalance between benefits illegal aliens receive and taxes they pay, but on this they all agree—there is a negative impact and it is paid for by law-abiding citizens and legal residents.

The economic effects are greatest in those States that have the most illegal aliens, California and Texas. Their citizens and legal residents pay for immigration doubly in State and Federal taxes, but the greatest cost in tolerating illegal immigration is in its devaluation of citizenship and the rule of law.

I will yield to my colleague from Texas, the ranking minority member, Mr. Bryant.

Mr. BRYANT of Texas. Thank you, Mr. Chairman.

I look forward to hearing what these experts have to say. We need to proceed on this issue based upon objective empirical data, not emotion, and I think that there has been some public policy-making around the country in the past related to this issue that really has grown out of political opportunity and the ease with

which one can criticize and attack people that are having—that have come here from other countries.

I would say that I am particularly interested in seeing what the impact on the American labor force is, and I would hope that in the future we might also have a hearing on the impact on the American labor force of legal immigration of people in this country under our current law designed to take jobs, many of which, in my opinion, could be easily filled by Americans.

So I think we have a good, strong topic to deal with today. I am glad we have this panel before us. I hope we will go on to the issue of legal immigration in the future.

Thank you.

Mr. SMITH. Thank you.

The gentleman from California, Mr. Moorhead, is recognized.

Mr. MOORHEAD. Thank you, Mr. Chairman. Thank you for holding this hearing today.

I have grave concerns over the number of immigrants illegally crossing the borders and the social and economic impact it is having on my State of California. The reason that this issue has become so controversial in our State is because the cost of taking care of the illegal aliens has been depriving the State government of the money to take care of the people that are legally within the State. And the education system and many other things in our State are hurting because it is costing us about \$4.3 billion a year to provide the care for illegal immigrants and their children.

Proposition 187 was passed as a result, not because they didn't like people that may have come illegally, but because they can't afford to take care of them. The Federal Government's mandates on the States to pay for all of those costs when it is the Federal Government's responsibility to protect the borders is just more than the people of a State like California and Texas can be expected to take care of.

We have over 1.7 million illegal immigrants in our State, and we have a very mixed population, and they get along fine. People of all different races and colors seem to be getting along fine in the State. But we just can't afford to pay for it any longer. And something has to be done to stop it.

Mr. SMITH. Thank you.

Let me welcome our first panel and introduce you in the order with which you will give your testimony.

Dr. Georges Vernez from the Rand Corp.; Dr. Michael Fix from the Urban Institute; Dr. Donald Huddle, from Rice University; Dr. George Borjas from the University of California at San Diego.

We welcome you all.

As a matter of course, we will make your written testimony a part of our record without objection, and we would ask that you try to limit your testimony to 5 minutes so we can get to the questions as soon as possible.

Dr. Vernez, we will start with you.

#### **STATEMENT OF GEORGES VERNEZ, DIRECTOR, CENTER FOR RESEARCH ON IMMIGRATION POLICY, RAND CORP.**

Mr. VERNEZ. Mr. Chairman and members of the subcommittee, thank you. I will be brief.

We have reviewed the main studies seeking to comprehensively estimate the public cost of immigration, either at the national level, the State or local level. They include the original L.A. County and San Diego studies at the local levels; the California and other State studies done by the Urban Institute, the State of California and others, and at the national level, the Huddle, Urban Institute, and Center for Migration Studies.

We were looking to understand why these studies differ so widely in their findings: At the national aggregate levels, some studies estimated a fiscal surplus, while others estimated a fiscal deficit when all post-1970 immigrants were included.

We came up with two major conclusions from that review: The first is that these studies provide us with little more information than individuals and families of low incomes, illegal or not, contribute less in public revenues than individuals or families with high income.

Since illegal immigrants as a group have the lowest estimated relative income of all groups in these studies, they contribute the least, in general not enough to cover the cost of the services that they use. As a group, immigrants amnestied under the Immigration Reform and Control Act of 1986 come next, followed by legal immigrants. The native born, in these studies, are estimated to have the highest average income and, hence, contribute the most.

Our second conclusion is that the studies are so far apart in their estimates for three simple reasons: A, they disagree on how many illegal immigrants are residing in the country, or a State, or a locality, and they disagree on how much they earn and, hence, pay in taxes; B, they differ in the amount of public services/expenditures they include, ranging from a low 40 percent of total expenditures to a high 80 percent. This factor alone accounts for 100 percent of the differences across studies in per capita costs; and C, similarly on the revenue side, some studies include as little as 45 percent of total public revenues and others as high as 75 percent.

We then asked why can't analysts agree on basic numbers, including income and taxes, and on which cost and revenue to include in those cost studies? Two reasons: One is simply that there is no reliable source of information on, A, the actual use of all relevant services provided to immigrants, and B, the actual revenues from all sources, income, sales, property, and excise taxes contributed by them. So the studies made different assumptions in these regards.

The other difference is legitimate disagreement on how to account for some immigrants, services, or revenues. Let me give you one illustration among a dozen of what I am talking about. Should children of immigrants born in the United States be considered native born for the purpose of estimating the costs of immigration, or should they be considered as immigrants as some studies do?

The answer is not clear. On the one hand, children born here are citizens by constitutional law and, hence, not immigrants. On the other hand, were it not for their parents immigrating here, they would not be here in the first place and, hence, should arguably be included with their immigrant parents.

The bottom line is that until and unless we collect additional data on service usage and revenues collected from immigrants, not

just in one point in time but over their life cycle, and agree on a consistent accounting framework, the question of how much immigrants cost the Federal Government or a State or a county such as Los Angeles cannot be answered reliably.

Collecting such data is feasible—we collected such data in a pilot study recently, but it would be costly, in the range of \$6 million to \$7 million for a dedicated survey of immigrants. Expensive, but probably worth the cost to gain an understanding of the behavior of immigrants: Immigrants now constitute a sizable component of the growth of our population.

I would like to leave the subcommittee with a final point, an observation really, that goes beyond illegal immigration, to touch upon legal immigration. That is that the current focus on public cost of immigration represents a sharp departure from past practice. In a way, it has raised a question whether public costs should be considered in formulating our overall immigration policy.

In the past, the answer has been no. If we do that in the future, we should pay as much attention to the selectivity of immigrants, that is factors that may lead immigrants to be high or low users of public services, than we seem to be currently paying to aggregate numbers.

Thank you.

Mr. SMITH. Thank you, Dr. Vernez.

[The prepared statement of Messrs. Vernez and McCarthy follows:]

PREPARED STATEMENT OF GEORGES VERNEZ, DIRECTOR, CENTER FOR RESEARCH ON IMMIGRATION POLICY, RAND CORP., AND KEVIN MCCARTHY, RAND CORP.

Mr. Chairman and members of the House Subcommittee on Immigration and Claims, thank you for the opportunity to testify on the public costs of illegal immigration, and of immigration more generally.

I have brought with me a report,<sup>1</sup> we have just completed, reviewing the recent estimates of the net federal, state or local costs of immigration made by various entities. We asked why these estimates differ so widely and what should be done if we wanted to develop more credible estimates. I will summarize our key conclusions and suggestions in the form of four propositions.

The first is that these **studies agree on only one point**: immigrants' relative contribution to public revenues. Specifically, there is general agreement that currently illegal immigrants contribute less in public revenues than those who were amnestied under the Immigration and Reform Act of 1986 (IRCA). They, in turn, contribute less than legal immigrants, who contribute less than the native-borns. In short, the suggestive findings that illegal immigrants are net consumers of public services are more a product of their low incomes than their immigration status.

The following will illustrate the point. On the revenue side, an illegal immigrant family of four that makes an income of say \$12,000 a year will pay no or a minimal federal and state income tax, and it will contribute a modest amount of sales, property taxes, and possibly social security payments. On the cost side, however, this family with two children in public schools will cost more than \$10,000 annually for education alone. Note that this accounting would not differ if the family in question was native-born instead of being foreign-born.

The second proposition is that there are three major reasons why there is **no agreement on**, and hence no reliable estimate, of **the actual size of the net public costs** of illegal immigration or of immigration as a whole:

- Studies differ in their estimates of the size of the immigrant population residing in the United States. These estimates differ by as much as 50 percent. The studies also differ in their estimates of incomes and of the tax rates applied to them.
- Studies differ in the range of public services they include in their estimates. The most inclusive studies account for 80 percent of all federal, state, and local public expenditures, while the least inclusive include about 40 percent of total public expenditures. These variations account for the full differentials across studies in estimated public costs per immigrant. None of the studies reviewed include the full range of public services. Similarly,

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<sup>1</sup> The Fiscal Costs of Immigration: Analytical and Policy Issues, Georges Vernez and Kevin McCarthy, RAND, DRU-958-1-IF, February 1995.



- Studies differ in the range of public revenues they include from a low 45 percent of total public revenues to a high 75 percent. This variation accounts for about half of the differentials across studies in public revenues per immigrant.

Why can't analysts agree on what costs and revenues to include (or exclude) in making estimates of the public costs of immigration and why can't they agree on such basic parameters as number of immigrants, their incomes, and their tax rates? One reason is simply the **lack of reliable information available** on (a) the **actual** use of all relevant services provided to immigrants and members of their families differentiated by immigration status; and (b) the **actual** payroll deductions; income, sales, property, and excise tax payments; and fees and other revenues raised from each individual immigrant family again differentiated by immigration status.

In the absence of reliable data on these critical parameters, studies have made differing assumptions about the number of immigrants, their service usage, and their contributions to public revenues. Inaccurate assumptions can affect not only the magnitude of the estimates but also the direction of the net cost estimates.

For example most studies assumed that immigrants' use of public services is proportional to their numbers, regardless of their socio-economic and immigration status. However, RAND data collected from a 1991 sample of Salvadorian and Filipino immigrants residing in Los Angeles challenge this proportionality assumption. Overall, our data suggest that use of public services is generally not affected by immigration status, including illegal status. But it is affected by family income and family composition, particularly the presence of children under age five. In addition, immigrants' use of certain services such as libraries, public transit, parks and recreation, is affected by a range of factors--income, number of children, and English proficiency--that condition the immigrants' need for the service.

Another common assumption among the studies we reviewed is that incidence of tax payments and payroll deductions is uniformly high across income levels and immigration status. Our data, to the contrary, suggest that these parameters vary significantly with immigration status with illegal immigrants having the lowest incidence of payroll tax deducted and lowest incidence of federal and state income tax filing.

Another fundamental reason for the lack of agreement on the size of the net fiscal deficit or surplus caused by immigration is that analysts have not yet agreed on a **uniform accounting framework** defining (a) who is an immigrant, and (b) which public revenues and public services, hence costs, ought to be included for the purpose of estimating the costs of immigration. As implied above, different decisions made in this regard can mean the difference between showing a net surplus or a net cost for any group of immigrants.

There are a number of legitimate reasons why agreement on such an accounting framework has been elusive to date. Only a couple are outlined below. Take for instance, the question of defining who is an "immigrant" for purposes of making estimates of costs of immigration at a given point in time. Certainly we can all agree that foreign-born non-citizens should be classified as immigrants for this purpose. But what about naturalized immigrants (those who have become citizens) or the native-born children of illegal and legal immigrants? There is a legitimate disagreement on how these individuals should be classified. On the one hand, the native-born children are (by U.S. Constitutional law) citizens, and from a legal perspective they are not immigrants. On the other hand, had their parents not immigrated to the United States they would not be in the country in the first place: thus from a pragmatic perspective they arguably should be counted with their immigrant parents for costs of immigration accounting purposes.

Take now the question of which public services or benefits ought to be included on the cost side of the accounting framework. A good starting premise might be that all public services should be included in the estimates, or at the very least, the exclusion of any one service ought to be justified. This has not, however, been the common practice. While most studies agree that all services provided directly to individuals, e.g., education, nutrition, and social services, should be included, very few studies include what are such major categories of federal expenditures as national defense, support of research and development, general government and administrative expenditures, and interest on the national debt.

Such exclusion may be justified on only one of two grounds--neither of which fully hold. Either immigrants do not derive any benefit from these services or the marginal costs of providing these services to immigrants is zero. The former assumption is questionable at best, and the latter assumption--even if closer to reality--implicitly assumes that native-born residents should subsidize the provision of these services to immigrants.

Social insurance programs such as social security present another source of accounting disagreement. The implicit argument for their exclusion is that these programs are self-funded. But these programs often have a redistributive function that provides disproportionate benefits to low-income immigrants and native-borns. In addition, the revenues from the special funds are often treated as general revenues.

Even when the decision is made to include social insurance expenditures in the cost estimates, there is still a decision as to whether those costs should be allocated on a current, intergenerational, or even lifetime basis. Because most immigrants are young and thus will not be eligible to receive social insurance benefits for several years, which cost allocation approach is used can make up to a tenfold difference in the estimate of these costs.

This leads into our third proposition: **until and unless we collect additional data on service usage and revenues (and develop a**

consistent accounting framework) the question of how much immigrants actually cost to the public fisc cannot be answered. Resources would have to be provided to support a data collection effort to make an accurate count of immigrants by immigration status and generate reliable information on actual service use and revenue contributions made by immigrants. In the past, some have argued that collecting such data--particularly aimed at identifying immigration status, service usage, and payments of taxes--may not be feasible.

To see whether such problems can, in fact, be overcome, RAND undertook in 1991 a pilot survey of Salvadorian and Filipino immigrants residing in Los Angeles. Our pilot survey faced many of the same challenges, albeit on a smaller scale, that a national survey would confront. In developing the specific content of the survey, we focused on ascertaining and documenting the following: immigration status (e.g., illegal, temporary protective status, IRCA legalized, legal resident), employment experience, public service needs and use, tax contributions, family composition, language ability and use, and educational expectations and achievements.

What we have learned from this survey is contained in our report "Surveying Immigrant Communities: Policy Imperatives and Technical Challenges", a copy of which I left with the Subcommittee.<sup>2</sup> We concluded that a survey designed specifically to provide reliable data on sensitive questions including immigration status and incidence of tax filings that are critical for developing and assessing policy is feasible. It would, however, be expensive. A rough cost estimate based on our pilot study suggests that preparing and conducting a survey of 9,000 immigrants in nine sites across the country with the largest concentration of immigrants would cost some \$6 to 7 million. However, these costs are surely low compared to the gain in understanding the costs and the potential effects policy changes may have on states, localities, and immigrants. The latter constitute more than 40 percent of the population of some metropolitan areas and more than a quarter of the population of at least one state.

Our last point is an observation with potentially broad policy implications: **the current focus on public costs of immigration represents a departure from past practice.** It has brought to the fore the question of whether such costs ought to be considered in determining which and how many immigrants should be allowed to enter the country annually. To date, these determinations have been primarily driven by long-term economic, humanitarian, and family reunification considerations.

Considering costs in immigration policy should redirect the current debate away from a focus on aggregate public costs of immigration--and hence aggregate numbers exclusively--to a renewed focus on individual and family factors that lead to high or low public service usage and the economic success

<sup>2</sup> Surveying Immigrant Communities: Policy Imperatives and Technical Challenges, Julie DaVanzo, Jennifer Hawes-Dawson, R. Burciaga Valdez, and Georges Vernez, RAND, MR-247-FF, 1994

of immigrants, not just in a single year, but over the entire course of their residence in the United States. In short, it would refocus the policy debate on the question of selectivity of immigrants and require looking at the costs and benefits immigrants generate over the long term, not just the short term as we seem to have been doing to date.

Mr. SMITH. Mr. Fix.

**STATEMENT OF MICHAEL FIX, DIRECTOR, IMMIGRATION POLICY PROGRAM, THE URBAN INSTITUTE, ACCOMPANIED BY JEFFREY S. PASSEL, DIRECTOR, RESEARCH ON IMMIGRATION POLICY PROGRAM**

Mr. FIX. Thank you, Mr. Chairman. It is a great pleasure to be here.

I am accompanied today by Dr. Jeffrey Passel of the Urban Institute. Dr. Passel has been the principal author of many of our cost and benefit studies at the Urban Institute, and I will defer to him as the hearing progresses on some of the technical issues that will arise.

As you have our full and rather lengthy statement before you, I am simply going to make several general observations. First, I think you will be surprised to learn there is a reasonably broad consensus in the literature that the fiscal impacts of the immigrants, that is to say their impact on Federal, State, and local taxpayers, are negative, generating a net deficit when they are aggregated across all levels of government.

We estimate that the approximately 4 million illegal immigrants present in the United States today generate a net annual fiscal deficit of approximately \$2 billion or about \$500 per illegal immigrant. However, we should emphasize that all direct and indirect costs and benefits have not been included in this calculation.

Second, we agree that it is broadly acknowledged that the goal of public policy should be to discourage illegal immigration to the United States. Moreover, we believe this goal should drive public policy, regardless of the fiscal or economic effects of illegal immigration, and it should do so to reinforce the goals of promoting sovereignty and ensuring that membership within this society is consensual.

Thus, we can draw a contrast here between illegal immigration, where the basic direction of fiscal impacts is agreed upon, and legal immigration, where the issue of fiscal impacts and the merits of restrictions remain in dispute.

A third general point is that there is little empirical or anecdotal evidence that public benefits are a lure for illegal immigrants. Rather, jobs appear to be illegal immigrants' primary motivation for entry.

The fourth point we would like to make is that illegal immigrants are already barred from many public benefit programs. And not only are they barred from many public programs, but any attempt they may make to avail themselves of benefits are already screened by an automatic verification system, the SAVE program, that has been in place since 1987.

Fifth, the best empirical evidence indicates that illegal immigrants' use of the public benefit programs from which they are barred is quite low, and this suggests that the current system for excluding illegal immigrants from benefits is working well, in sharp contrast to the Nation's efforts to exclude illegal immigrants from the labor force.

Sixth, in the limited number of circumstances where public benefits have been extended to illegal aliens—elementary and second-

ary education, prenatal care and nutrition assistance, emergency medical care under Medicaid—a number of rationales have driven policy. One has been the goal of protecting children and averting the creation of an underclass.

A second is that in some instances, the withholding of some benefits has been judged to be more costly than their extension. This has been the case with providing prenatal care to pregnant women.

Third, the provision of some public services, such as immunizations, has been justified for reasons of public safety and health.

And finally, eligibility for emergency medical services under Medicaid has been based on the need to partially compensate public hospitals for the cost of providing services to illegal immigrants.

As you can see from this set of rationales, in each case, the interest of the public and not the illegal immigrant has been deemed to be paramount, and that means that excluding illegal immigrants from the services that generate the highest cost—education and emergency medical care, for example—could involve serious social dislocations, both for illegal immigrants and for the public.

From a policy perspective, as you have alluded in your statement, and Mr. Moorhead has alluded to in his initial statement, perhaps the most salient characteristic of illegal immigration is its geographic concentration. Eighty percent of illegal immigrants live in five States, almost half now live in California. This concentration, the fiscal deficit generated by illegal immigrants and the structure of fiscal federalism—which tends to increase the fiscal burden of immigration at lower levels of government—recommends to us that Federal aid be directed to States and localities that suffer disproportionate burdens. Some aid has already begun to flow to affected State prison systems as a result of the 1994 crime bill, and proposals to expand aid in the areas of education and emergency medical services have been advanced in the administration's 1996 budget.

In sum, if it is the case that illegal immigrants come principally for jobs and not for welfare, and if it is the case that their use of public benefits is, as a result, comparatively low, then it seems to us that the most cost-effective strategies for curbing illegal immigration will focus on the border and the workplace. And in this regard, and here I will close, it is important to acknowledge the extensive complementary efforts on the part of the Congress and the administration to control illegal immigration. Efforts include promoting stay-at-home development through GATT and NAFTA, asylum reform, strengthened border controls and enhanced worksite enforcement.

Thank you very much.

Mr. SMITH. Thank you, Mr. Fix.

[The prepared statement of Messrs. Fix and Passel follows:]

PREPARED STATEMENT OF MICHAEL FIX, DIRECTOR, IMMIGRATION POLICY PROGRAM,  
THE URBAN INSTITUTE, AND JEFFREY S. PASSEL, DIRECTOR, RESEARCH ON IMMIGRATION POLICY PROGRAM

## I. OVERVIEW

We would like to begin our testimony by making several general observations:

1. First, there is a broad consensus in the research that the *fiscal* impacts of illegal immigrants — that is, their impacts on local, state and federal taxpayers — are negative, generating a net deficit when they are aggregated across all levels of government. We estimate that illegal immigrants generate a net annual fiscal deficit of \$2 billion; or about \$500 per illegal alien. We should emphasize that all direct and indirect costs and benefits have not been included in this calculation.

2. Second, it is broadly acknowledged that the goal of public policy should be to discourage illegal immigration to the United States. Moreover, this goal should guide public policy regardless of the fiscal or economic effects of illegal immigration. It should do so to reinforce the goals of promoting sovereignty and ensuring that membership within the society is consensual.

Thus, we can draw a contrast between *illegal* immigration, where the basic direction of fiscal impacts is agreed upon, and *legal* immigration where the issue of fiscal impacts — and the merits of restrictions — remain in dispute.

3. A third general point is that there is little empirical or anecdotal evidence that public benefits are a lure for illegal immigrants. Rather, jobs appear to be illegal immigrants' primary motivation for entry.

4. Illegal immigrants are already barred from most public benefit programs. Not only are they barred by law from most public services, but their attempts to avail themselves of several benefits is policed by an automated verification system — the Systematic Alien Verification for Entitlement (SAVE) Program — that has been in place since 1987.

5. The best empirical evidence indicates that illegal immigrants' use of the public benefit programs from which they are barred is quite low. This suggests that the current system for excluding illegal immigrants from benefits is working well — in contrast with the nation's efforts to bar illegal immigrants from the labor force.

6. In the limited number of instances where public benefits have been extended to illegal aliens — elementary and secondary education, prenatal care and nutrition assistance, emergency medical care under Medicaid, several rationales have driven policy. One is the goal of protecting children and averting the creation of an underclass. Second, in some instances, the withholding of public benefits has been judged to be more costly to the society than their extension. (This is the case with the provision of medical services to pregnant women.) Third, the provision of some public services (such as immunizations) to illegal immigrants has been justified for reasons of public health and safety. Finally, eligibility for emergency medical services under Medicaid was based on the need to partially compensate public hospitals for the costs of providing services to illegal immigrants.

7. Moreover, excluding illegal immigrants from the services that generate the highest costs — education and emergency medical care — would involve serious social dislocations, both for the illegal immigrants themselves and the general public.

8. From a policy perspective, perhaps the most salient character of illegal immigration is its geographic concentration. Eighty percent of illegal immigrants live in five states; almost half now live in California. Concentration, the fiscal deficit generated by illegal



immigrants, and the structure of fiscal federalism (which tends to increase the fiscal burden of immigration at lower levels of government), recommend that *federal aid be directed to states and localities that suffer disproportionate burdens*. Some aid has begun for affected state prison systems and proposals to expand such aid in the areas of education and emergency medical services have been advanced in the Administration's 1996 Budget.

9. In sum, if illegal immigrants come for jobs and not for welfare and if their use of public benefits is, as a result, quite low, then it seems to us that the most cost-effective strategies for curbing illegal immigration will focus on the border and the work place and not providers of public services. In this regard, it is important to acknowledge the extensive efforts on the part of Congress and the Administration to control illegal immigration. Current policy initiatives include efforts to promote stay-at-home development, asylum reform, strengthened border enforcement, and enhanced worksite enforcement.

## II. SIZE AND CHARACTER OF THE ILLEGAL IMMIGRANT POPULATION

The undocumented alien population of the United States is large and growing rapidly. The best *analytically-based* estimates place the undocumented population at 3.4 million as of October 1992 with annual increases of roughly 300,000.<sup>1</sup> This implies somewhat more than 4 million illegal immigrants in the country today.<sup>2</sup> This INS figure for annual growth is widely accepted and is bigger than pre-IRCA levels. No matter what the exact size of this

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<sup>1</sup> Robert Warren, "Estimates of the Unauthorized Immigrant Population Residing in the United States, by Country of Origin and State of Residence: October 1992," unpublished manuscript, Statistics Division, Immigration and Naturalization Service.

<sup>2</sup> Estimates of the undocumented population substantially larger than 4 million tend to be speculative or based on clearly erroneous assumptions. For a discussion of the available estimates, see Rebecca L. Clark, Jeffrey S. Passel, Wendy N. Zimmermann, and Michael E. Fix, "Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States," The Urban Institute, September 1994, especially Chapter 2 and Appendix A.

population. IRCA's employer sanctions and general amnesty have clearly failed to control illegal immigration.

At 4 million, the undocumented population represents only about one and a half percent of the total population. Were they distributed uniformly across the country, there would be some concern about undocumented aliens, but nothing like the furious reaction generated in recent years; it is unlikely we would be having this hearing today. But they are not uniformly distributed -- the geographic concentration of the undocumented population is one of its most salient features. Over 80 percent are found in just 5 states -- California, New York, Texas, Florida, and Illinois -- with California alone having 40-50 percent of the total. The impacts are further exacerbated by geographic concentration within these states. Los Angeles County alone may have one-third of the country's total. The New York City, Chicago, and Miami metropolitan areas have the virtually all of the illegals in their states. This concentration, which focuses the fiscal and social impacts in just a few places, means that these states and localities are special cases and are not typical of the entire country.

**Characteristics of the Undocumented Population.** The traditional stereotype of an undocumented immigrant is a young adult Mexican male who sneaks into the United States by evading the Border Patrol. This is not the profile of most illegal immigrants. Somewhat more than half of illegal immigrants are visa overstayers who entered the country legally, but stayed longer than their visas allowed and somewhat more than half are *not* from Mexico. Before 1986, Mexico accounted for a large majority of undocumented immigrants, perhaps as much as 60-70 percent. But IRCA's massive legalization programs in the late 1980s reduced this percentage by legalizing about 2 million Mexicans. Today, Mexico accounts for a much smaller percentage of the undocumented population today than in the pre-IRCA period -- only a little more than 40 percent of undocumented immigrants are from Mexico. El

Salvador supplies another 10 percent; Guatemala, 4 percent; and no other country more than 3 percent.

Some newly available data suggest changing patterns among the undocumented population, as well as among legal aliens from Mexico. IRCA's legalization programs led to the creation of a large group of Mexicans entitled to live in the United States. Shortly after legalization, many of these, notably many of the Mexican SAWs (Special Agricultural Workers), continued to live in Mexico, but used their newly acquired legal status as border crossing permits. Over time, more of these persons appear to have settled (legally) in the United States. The SAWs, who were almost all young men, have subsequently brought their Mexican-born wives and children to the United States to live (often illegally).<sup>3</sup> Since these family members can ultimately immigrate legally, their illegal status is temporary while they wait for their turn in line.

The transition from illegal status to legal status occurs more frequently than is generally suspected. In most years, upwards of 40 percent of immigrants acquiring legal status are "adjusting" to permanent resident status from various non-immigrant statuses; many of these had been visa overstayers or other types of illegal immigrants.<sup>4</sup> Additionally, many persons thought of as "illegal" immigrants and included in the various estimates are not technically deportable. Many even have work authorization! Two large groups of immigrants who fit this profile include: the Central Americans covered by the *American Baptist Church* case; and the backlog of roughly 400,000 asylum claimants awaiting adjudication of their

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<sup>3</sup> New data from the March 1994 Current Population Survey (CPS) show much higher proportions of young adult women and children among Mexicans who came to the United States during 1990-94 than among earlier entry cohorts.

<sup>4</sup> In data collected over 20 years ago, Charles Hirschman found that over 60 percent of legal Mexican immigrants had lived in the United States illegally. There is no reason to think this rate is lower today.

claims. All told, there may be as many as 1 million aliens counted as "illegal" who can work in the United States, who cannot be deported, and who are likely to eventually become legal immigrants.

At the household level, the distinction between legal and illegal households is even more muddled. It is not at all uncommon for a single household containing one or more illegal aliens to also include legal aliens, naturalized citizens, and U.S.-born citizens (particularly children). Thus, in implementing a program barring illegal immigrants from access, it may be quite difficult to make the distinctions required by law.

### III. PATTERNS OF BENEFIT USE AND COSTS

Virtually all studies of the net *fiscal* impact (not *economic* impact) of undocumented immigrants find a net fiscal burden, or net cost, across all levels of government. In an Urban Institute study, Clark and Passel found a net fiscal deficit for undocumented aliens across all levels of government amounting to \$1.9 billion in 1992, or almost \$500 per undocumented alien.<sup>5</sup> However, the burden falls differentially on the various levels of government — negative impacts are concentrated at the local and state levels, while at the federal level, the impacts are more positive.

How does this occur? The biggest component of costs for the undocumented population is public primary/secondary education,<sup>6</sup> as the undocumented population has a

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<sup>5</sup> Jeffrey S. Passel and Rebecca L. Clark, "How Much Do Immigrants Really Cost? A Reappraisal of Huddle's 'The Cost of Immigrants,'" Urban Institute, February 1994. Note that this cost figure is based on Huddle's estimate of 4.8 million illegal immigrants.

<sup>6</sup> The Urban Institute's methods for estimating education costs have been adopted by the General Accounting Office in *Illegal Aliens: Assessing Estimates of Financial Burden on California*, GAO/HEHS-95-22, November 1994 and the State of California in Philip J. Romero, Andrew J. Chang, and Theresa Parker, *Shifting the Costs of a Failed Federal Policy: The Net Fiscal Impact of Illegal Immigrants in California*, Governor's Office of Planning and Research, September 1994.

relatively high proportion of children and very few elderly. Because of the sheer expense of education (roughly \$5,000 per child per year, or more), populations with a comparatively high ratio of children rarely "pay their own way" at the governmental level where education is financed: usually localities or states. Undocumented aliens are no different. Furthermore, because undocumented aliens have low incomes, their revenue contributions are proportionately less than others.

Undocumented aliens use few federally-funded services; their relative youth means few qualify for the expensive Social Security/Medicare programs and they are not eligible for most other programs. Yet, they do pay federal taxes, most notably FICA and federal income tax. Thus, notwithstanding their low incomes, undocumented immigrants do not have a large negative fiscal impact on the Federal government.

**Issues in Measuring Fiscal Impacts.** *All* studies of the fiscal impacts of illegal immigrants are incomplete; full identification and allocation of all costs, revenues, and other fiscal impacts has never been done. For example, none of the major studies account for the many Federal programs that distribute money to states and localities on the basis of total population or specialized populations, such as the number of persons in poverty. Clearly, the presence of undocumented aliens increases these revenue flows to some areas, yet this impact is never considered. In addition, some studies attempt to identify purported indirect negative impacts of undocumented immigrants (e.g., alleged job displacement), but almost none try to measure the positive impacts of illegal immigrants' participation in the economy, such as money saved by consumers from lower prices for goods and services. Finally, many studies include all state and local government costs, yet exclude significant streams of revenue, such as taxes collected from businesses, utilities, and estates when estimating the fiscal impacts of immigrants.

One consequence of the flawed accounting schemes is a clear misinterpretation of the results of such studies. Invariably, it is stated or implied that natives subsidize services for undocumented immigrants. In other words, it is assumed that the "net cost" of undocumented immigrants is financed with a "net surplus" generated by the balance of the population. But this zero-sum characterization paints an inaccurate picture of the relative contribution of different populations because it omits significant revenue streams. Thus, in a study of Los Angeles County, recent immigrants were found to generate a net deficit of \$600 million for the County while natives and long-term immigrants also generated a net deficit of \$1.3 billion.<sup>7</sup> In this case, the subsidy to both groups (i.e., the entire population) was paid by the taxes and fees of commercial interests.

It is commonly believed that the estimated net costs of providing undocumented immigrants with services is the same as the savings that would result from denying them those services or removing them from the country. The estimated costs and the potential savings are not necessarily the same. In short, when it comes to savings generated by policy changes, we are interested in *marginal costs*, not the *average costs* estimated in the studies. In some instances, the marginal cost may be greater than average cost, so the potential savings could be greater; e.g., where special schools or programs need to be created from the ground up. In others, the marginal costs may be less; e.g., where a school is not running at capacity or services can be provided without the addition of new personnel.

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<sup>7</sup> Rebecca L. Clark and Jeffrey S. Passel, "How Much Do Immigrants Pay in Taxes? Evidence from Los Angeles County," Policy Discussion Paper PRIP-UI-26, Program for Research on Immigration Policy, Urban Institute, August 1993.

Internal Services Division (ISD), Los Angeles County, *Impact of Undocumented Persons and Other Immigrants on Costs, Revenues and Services in Los Angeles County: A Report Prepared for Los Angeles County Board of Supervisors*, November 1992.

Whatever the actual costs of undocumented immigrants, there are clearly Americans who benefit from their presence in the United States. One obvious group is the employers of undocumented immigrants who benefit from a poorly-paid and relatively docile work force. These employers enjoy lower costs, higher profits, and sometimes other gains. Professor Philip L. Martin of the University of California at Davis has noted, for example, that the low costs to growers associated with a poorly-paid illegal work force are capitalized into substantially higher land values. However, these gains either are not or cannot be translated into sufficiently higher tax revenues to pay the education costs borne by localities and states.

Thus, the fiscal impacts of undocumented immigrants have clear distributional implications. Only some states and localities must bear the increased costs of providing services to this low-income population. At the same time, the Federal government gains from the taxes they pay. Some private sector employers gain a partially-subsidized work force at the expense of state/local taxpayers. The key policy questions then become: How are these distributional inequities to be rectified? How much are we willing to pay to do so?

#### IV. ISSUES RAISED BY PROPOSED FEDERAL LEGISLATION ADDRESSING THE USE OF PUBLIC BENEFITS BY ILLEGAL IMMIGRANTS

One of the most visible current policy responses to the perceived fiscal impacts of illegal immigrants would be to bar state and local governments from providing benefits to illegal aliens. H.R. 1214, the Personal Responsibility Act (PRA), bars illegal immigrants from *all federal, state and local means-tested public assistance programs*, except for non-cash, emergency, in-kind public assistance. S. 269, the Immigration Control and Financial Responsibility Act of 1995, would bar illegal immigrants from receiving "benefits under any program of assistance provided or funded in whole or part by the federal government or any

state or local entity, for which eligibility for benefits is based on need..." Exceptions to the bar in the Senate bill include:

- emergency medical services under Title XIX of the Social Security Act;
- short term emergency disaster relief;
- benefits under the National School Lunch Act;
- benefits under the Child Nutrition Act; and
- immunizations and treatment for communicable diseases.

The extension of federal bars to services provided by state and local governments raises a number of concerns:

First, the proposals raise several implementation issues. They would require that staffs of state, local and private agencies administering public programs verify the legal status of program applicants and users. The vast number of possible immigration statuses that the INS can assign immigrants makes this seemingly simple determination quite complex, leading to confusion and, in some instances, discrimination against foreign appearing applicants.

The proposals also raise cost considerations. These include the administrative time and effort needed to screen applicants. If the agencies were to use the SAVE system to verify applicants eligibility status, these costs would include those associated with querying and operating the SAVE system itself (for which a charge is made). They would also include the costs that arise when an applicant is not in the SAVE data base, compelling the agency to request the INS to initiate a secondary verification. These secondary verifications are usually done by hand, are time and labor intensive, and impose a substantial burden on the INS.

The House bill fails to include the exceptions for public health and child nutrition that are contained in the Senate bill, raising public health and social cost concerns already noted.



Furthermore, by mandating state and local action that may depart from local political preferences, the proposals appear to us to be inconsistent with the current spirit of federalism and devolution.

Finally, as indicated earlier, there is little assurance that the costs incurred would purchase much of a decline in illegal immigration, given the fact that benefits do not represent a strong lure to illegal immigration.

## V. POLICY ALTERNATIVES

In sum, if immigrants enter the United States in search of jobs and not welfare, and if their use of public benefits is, as a result, comparatively low, then it seems to us that the most cost-effective strategies for curbing illegal immigration should focus on the border and the work place and not on providers of public services.

In this regard, it should be acknowledged that the Administration and the Congress have initiated a broad, complementary set of aggressive initiatives to combat illegal immigration that are in sharp contrast to our past policies. These include promoting stay-at-home development (through NAFTA and GATT); enhanced border control; asylum reform; stepped-up enforcement of employer sanctions and experimentation with a telephone verification system for employers.

However, one policy response to illegal immigration that the Congress has only partially addressed is the issue of federal reimbursement of state and local costs associated with the presence of illegal immigrants. As we indicate earlier, illegal immigrants generate a net fiscal deficit. Further, they are heavily concentrated in only a few states with a particularly heavy concentration in California. The result is a quite uneven distribution of the direct fiscal costs of illegal immigrants. This, in turn, suggests that some reimbursement of

direct costs by the federal government might be equitably — if not legally — compelled. Indeed, the Crime Bill has already authorized the Congress to provide states with \$1.8 billion over six years to offset the costs of incarcerating illegal alien criminals. The President's 1996 budget authorizes \$100 million for providing educational assistance to recently arrived immigrant children — including illegal immigrants. It would also provide \$150 million to offset the costs of providing emergency medical services to illegal aliens.

These incremental steps to reimbursement make political and policy sense in the short run. However, any larger effort to codify federal impact aid to state and local governments to redress the fiscal imbalances created by illegal immigration should take into account other factors also. These factors would include:

- the regionally-captured economic benefits generated by illegal immigrants and their indirect effects of the state and local revenues;
- the interaction between the performance of local and regional economies with the fiscal impacts of illegal immigrants (i.e., the impacts could be especially large during recessions, but small in times of economic growth);
- the additional intergovernmental revenues received by state and local governments that result from more people, and in some instances, more poor people, and
- the need to estimate the marginal rather than the average costs of providing services to illegal immigrants.

We believe that such a program of illegal immigration impact aid would be fair and make economic sense.

Mr. SMITH. Dr. Huddle.

**STATEMENT OF DONALD L. HUDDLE, PROFESSOR EMERITUS  
OF ECONOMICS, RICE UNIVERSITY**

Mr. HUDDLE. Thank you, Mr. Chairman.

Certainly, a pleasure to be here to address you concerning this very important issue nationally.

This study is my third study of the national cost of U.S. immigration. The first was completed in the year 1993 for data pertaining to 1992. And I might mention that this is the study that is actually referred to in documents by Georges Vernez and by Michael Fix and Jeffrey Passel in their critique of the Urban Institute.

The second study was done in June 1994, for the year 1993 data, and entailed both updating and substantial revisions of prior data as well as new added categories such as social security. This new study has not been addressed by either Mr. Vernez or Michael Fix and Jeff Passel.

A copy of the new study is included as an appendix to the present study as is the critique of the Urban Institute's claims of cost-free immigration, not illegal immigration, however, as Michael Fix had said that there is agreement that that particular category is—results in a fiscal deficit, but where the main disagreement is certainly on legal immigration and its cost.

The third study I present today updates my study of the cost of illegal immigration only. It omits the categories of amnesty and legal immigration. This third study finds that in 1994, the estimated cost of between 4 and 5.4 million illegal immigrants and their citizen children had net public cost to taxpayers from \$16 to \$21.6 billion. After subtracting the taxes they paid at the local, Federal, and State levels, included in this total is \$3.6 to \$4.8 billion for assistance to the estimated 664,000 to 897,000 low-skilled Americans and pre-1970 immigrants displaced by the largely unskilled and undereducated illegal immigrants.

Note that a range of estimates are applied in order to cover the reasonable differences in the professional opinion of the number of illegal aliens residing in the United States as of 1994. The low estimate of 4 million illegals as of 1994, is by the Immigration and Naturalization Service.

The higher estimate, the 5.4 million, is by the Center for Immigration Studies and our own studies derived by earlier census and INS estimates of illegal alien annual flows. Current net inflows are estimated to be 300,000 yearly of illegal immigrants.

The net cost of \$16 to \$21.6 billion reflected direct gross public assistance costs such as AFDC, medical care, public housing and criminal incarceration and other public assistance costs of \$20.6 to \$27.9 billion, minus total taxes paid of \$8.2 to \$11.1 billion, plus indirect worker displacement cost, such as unemployment insurance, stamp costs, AFDC, and general assistance costs of \$3.6 to \$4.8 billion.

The per capita net revenue deficit for public assistance financing was between \$3,138 for public assistance alone, and \$4,240 for public assistance and displacement cost.

I just mentioned in passing that the fourth wave, the earlier Urban Institute study, if you update the 1985 costs that they enu-

merated, they would be barely under \$4,000 per year for the Mexican-American population in Los Angeles that they studied and analyzed the public assistance costs for.

The largest direct public assistance outlays for all illegal immigrants covered in the study were primary and secondary public education, \$6 to \$8.1 billion; net county and city costs \$6.1 to \$8.2 billion; bilingual education, \$1.4 to \$1.8 billion; AFDC, \$762 million to \$1 billion; and State, Federal criminal justice, corrections, \$447 to \$604 million. Another 20 categories made up the remaining public service cost.

The net cost of illegal immigration account for 44 percent of the total net cost of all immigrants as of 1994; \$27.6 billion of the total estimated cost of \$49.2 billion, which is accounted for by legal and ill-legalized and legal immigrants in addition to illegal immigrants.

Future costs, assuming no changes in current immigration law and enforcement policy, the current stock of illegal aliens is expected to grow to between 7 and 8.4 million in 10 years, costing \$188 to \$225 billion in 1994, plus displacement costs of \$65 to \$79 billion. Cost avoidance options, halting all further illegal immigration would cost about \$108 billion in total net cost over the next 10 years.

However, net savings would be reduced possibly by as much as \$10 billion due to the necessity of redirecting spending of a little less than \$1 billion annually toward increased border security, greater enforcement of immigration laws and improved employer sanctions and a secure identifier system.

Parenthetically, I note that the Urban Institute study of fiscal impacts of seven States by Bart, Passel, Zimmerman and Fix, and my own updated CCN study, have very similar findings for the major categories of criminal incarceration, primary, secondary education, and Medicaid, if their numbers are adjusted to either 4 million for the 5.4 million illegals used in our study rather than the seven-State total of 2.9 million illegals that they estimated.

In fact, the Urban Institute costs for these three categories, which are major cost categories, are 21 percent higher than those contained in my updated 1994 study.

[The prepared statement of Mr. Huddle follows:]

PREPARED STATEMENT OF DONALD L. HUDDLE, PROFESSOR EMERITUS OF ECONOMICS,  
RICE UNIVERSITY

### FUTURE COSTS 1995-2004

Assuming no change in current immigration law and enforcement policy:

\* The current stock of resident illegal immigrants is expected to grow to between 7 and 8.4 million in ten years. Total net public-sector costs, after subtracting taxes paid, is estimated to be \$188 to \$225 billion, plus displacement costs of \$65 to \$79 billion, for a projected total net cost to taxpayers of \$253 to \$304 billion.

\* For the decade 1995 - 2004, the cumulative net costs for illegal immigrants will reach approximately \$280 billion or about \$2,604 to \$3,129 per household for a average cost of \$974 to \$1,170 per year for each and every American. About 30 percent of these costs, \$76 to \$91 billion, will be for assistance to displaced U.S. workers.

### COST AVOIDANCE OPTIONS

Halting all further illegal immigration after 1994 would avoid about \$108 billion in total net costs over the next ten years. However, net savings would be reduced due to the necessity of redirecting some spending toward increased border security and tighter enforcement of immigration laws, including improved employer sanctions and secure identification.

### Updates From 1992 Huddle National Net Cost of Immigration Study

\* Revenues and program costs previously omitted in the 1992 national net costs of immigration study, such as immigrant social security payments, motor vehicle fees, fuel, and city taxes are included in the Huddle 1993 study, as well as the current 1994 study.

\* Assessed in the 1994 update are 25 federal, state, and local public assistance programs serving immigrants, three more than were assessed for 1992. Based on 1990 Census data, estimates of immigrant incomes have been raised. Higher per capita costs of most public assistance programs and the estimated increase of 300,000 illegal immigrants and almost one million legal immigrants per year are also taken into account.

### APPENDIX ENCLOSURES

"The Net National Costs of Immigration in 1993," by Dr. Donald Huddle.

"A Critique of the Urban Institute's Claims of Cost Free Immigration:  
Huddle Findings Confirmed," by Carrying Capacity Network.

## THE NET NATIONAL COSTS OF ILLEGAL IMMIGRATION INTO THE UNITED STATES

### I. Introduction

Rising public concern over the fiscal costs of immigration at both national and local levels has intensified a search for political and administrative answers. Major states of immigration settlement, California, Texas, Florida and New York, are pressing Washington in the courts and in Congress for reimbursement of the costs to them of public assistance to rising numbers of illegal immigrants due to federal indifference and inaction. Pressed to find new savings, Congress has tightened eligibility conditions for some immigrant public assistance programs and is considering other steps. California voters in November 1994 overwhelmingly passed Proposition 187, which limits public services, education, and welfare benefits for illegal aliens. But Prop 187's implementation has been tied up in the California courts and its fate will likely be ultimately determined by the U.S. Supreme Court.

In the meantime, Congress and the Clinton administration have belatedly provided 300 additional border patrolmen to beef up the border against illegal border crashers. This action ignores the fact that about half of illegal immigrants actually arrive by air with temporary visas and then quickly disappear without a trace. Congress has of late seemed to love to hate illegal aliens while lauding legal immigration. This view is somewhat new. Over much of past U.S. history, there has been more divided opinion as to whether the undocumented and legal immigrants have been on net balance beneficial or harmful to the economy.

In what follows, this survey will examine theories of illegal immigration, both pro and con, in light of the available factual evidence. The reader should be aware at the outset that since we are studying an illegal process, our results are more uncertain than in typical empirical studies of legal entities.

## 2. The "Windfall Myth" About Undocumented Workers

A widely circulated thesis, bordering on a myth, holds that most illegal alien workers in the United States are a blessing in disguise. This thesis can be traced to a new generation of advocate scholars who, since the mid-1970 s, have maintained that illegal aliens from Mexico, Central America, the Caribbean and other Third World regions do not displace U.S. workers, but rather take physically demanding and low-paying jobs that U.S. residents, cushioned by the welfare state, do not want

According to the most common version of this "windfall" school of thinking, Mexican illegals, especially in U.S. agribusiness jobs, are mostly young men and women in their prime working age who do not seek permanent settlement in the United States, but for the most part return cyclically to their families in the home country. Meanwhile, those families have come to depend on U.S. wages

Essentially, then, Mexico's undocumented migrants in labor-intensive U.S. industries are seen by windfall advocates as a manifestation of a symbiotic relationship between the two countries: Mexico finds an outlet for its surplus labor and a source of needed income, while the United States finds a never-failing source of cheap, mobile labor

A top advocate scholar and one of the founders of the windfall school is Professor Wayne Cornelius, a political scientist, formerly at the Massachusetts Institute of Technology, and now at the University of California, San Diego, where he heads the Center for United States-Mexican studies. Since 1973, Dr. Cornelius has done extensive field studies on perennial transborder migrants from certain villages in central Mexico where a European-type tradition of independent proprietorships is maintained. For more than three generations such villagers have come seasonally to the United States in search of supplementary income.

Cornelius maintains that such migrants do not displace U.S. labor because jobs held by such illegals

...require little or no technical skills, and only a rudimentary command of English, if at all. They involve dirty, often physically arduous tasks, wages at or slightly above the minimum, low social status, low job security (often due to the short term or seasonal nature of the work) and little chance for advancement ( Cornelius 1978. 3)

Perennial migrants, who, according to Cornelius, by the 1980 s numbered 750,000 or more, are mostly young men, mostly undocumented, and mostly in agriculturally related industries, including food processing and packing. If married, they leave families behind. Returning to Mexico they invest their savings in small businesses or in acquiring farmland, as in the state of Jalisco, the epicenter of his field studies

Since this migrant cycle is advantageous to both countries it would be mistaken immigration policy to cut off this source of labor. Instead, Cornelius has advocated that the circular flow be legalized by issuing seasonal guest worker permits. This would also be a sensible means of reducing the border patrol's frustrating problem of having to arrest the same migrant "repeater" again and again.



Moreover, Cornelius thinks that some U.S. workers could actually lose jobs through attempts to restrict or expel undocumented workers, because more U.S. firms might move abroad in search of cheap labor, not only in agribusiness industries, but in garment, shoe and electronics factories.

Other researchers in the 1970s and 80s have found a similar subsidy or boon in America's use of undocumented workers. Some examples are the following: Villalpondo and others who studied Mexican illegals in San Diego County concluded that undocumented workers were essential to some labor-intensive agribusiness and service industries (Villalpondo, et. al 1976). Similar conclusions were reached by others. Cardenas (1978), as well as King and Rizo-Patron (1979), found little job displacement in the use of undocumented Mexican immigrants in Texas.

In its simplest form the windfall thesis about migrants is badly in need of revision. History would show that the majority of illegal entrants from Mexico once worked in seasonal agribusiness jobs and that in the past most of them returned to their native villages. But since the 1970s Mexico has faced an overwhelming population problem, particularly in the rural areas where there is no arable land available for distribution to large peasant families, or to village communes (ejidos). Increasingly, undocumented migrants either remain in the United States and bring in families, or they gravitate to Mexico's slum-ridden cities, including those in the industrial development zone along Mexico's northern border. In turn, Mexico's urban workers, perhaps with some industrial or service skills, and facing endless competition from incoming village migrants, often move to U.S. cities in search of higher wages and a better life for their families.

The same factors that "push" people out of Mexico are at work in other overpopulated Third World countries in Central America, the Caribbean, mainland Asia, Africa, and the Philippines.

A significant new pattern of illegal immigration and settlement has emerged during the latter 1970s, the 80s and 90s. Greater numbers of illegal workers come from urban backgrounds. These "urban" workers are generally better educated than the rural migrant, usually possess a

specific occupational skill; seek out jobs in industry, construction and services; tend to stay in the United States much longer; more readily bring in family members; and more frequently seek permanent residency. Plainly we have in them a more competitive threat to U.S. urban workers (Grennes 1980; Huddle, Corwin, and MacDonald 1985). Informed legislators, public officials and immigration experts no longer hold that most undocumented aliens are migrant workers who for the most part seasonally return to their home countries. Rather they accept, as a fact, that illegal immigrants from Mexico and other Third World countries are here, often permanently, by the millions.

The leading question becomes: Do illegal Third World immigrants displace U.S. workers ?

### **3. Third World Immigration and Job Creation Pro and Con**

Reinforcement for the position that illegal immigrants make rather than take jobs can be found in the study of Hispanicized labor urban labor markets in Los Angeles County by Thomas Muller. Great numbers of job-eager newcomers, mostly Mexican but also Central American and Orientals, serve to hold down wages so that labor-intensive industries can flourish. More jobs are thus created for immigrants, legal and illegal, and even for U.S. workers through interrelated industries and services, such as retailing, housing, and health care.

The ripple effects go further in Southern California, according to Muller. Even though most immigrant-created jobs are low-paying assembly line or cleanup jobs, such cheap labor keeps down consumer costs, increases business profits and expansion, and favors the employment and upward mobility of white-collar employees, such as foremen, managers, and supervisors who are principal beneficiaries. Like McCarthy and Valdez, Muller can see no serious displacement of U.S. workers here, but rather a self-sustaining immigrant labor market (Muller and Espenhade 1985; McCarthy and Valdez 1985).

Muller, who noted that Mexican and other Third World immigrants differ significantly from earlier migration movements to America, pointedly titled his field study of Latino labor in Los Angeles *The Fourth Wave*. This wave is dominated by unskilled Mexicans and other Hispanics in urban labor markets; it is more concentrated in specific communities and territories; more so than earlier European-dominated migrations, its immigrants having been pushed out of their countries by poverty, lack of jobs and overpopulation. Yet Muller seems to say that the very abundance of cheap "Fourth Wave" labor helps retain low-standard, assembly-line industries in Los Angeles county whereas, otherwise, such industries, including apparel "sweat shops" would migrate abroad, perhaps to Mexico's cut-rate maquiladora zone, to Thailand, the Philippines or Haiti. Thus, there is good news: "American" jobs are saved.

Yet both Muller's and McCarthy and Valdez's study's empirical findings also actually make a powerful case against laissez-faire and open-border immigration advocates such as Julian Simon. What Muller studied was a metropolitan industrial area, similar to Houston, affected by Third World immigrants and containing a "Mexicanized" labor market for blue-collar and service workers, including domestics and odd-jobbers. This eager, low-cost labor subsidizes the economy, but the bad news is that it also has adverse socioeconomic effects. For as Muller himself emphasized, Mexican-Americans and unskilled immigrants already in Southern California had to absorb much of the adverse impact, such as depressed wages and housing shortages. The McCarthy and Valdez study, for example, found that Latino wages in Los Angeles grew by 40% less than did the national average.

Also, there was displacement of man the territorial animal. According to deficient Census Bureau and Immigration and Naturalization Service (INS) data cited by Muller, nearly 900,000 immigrants, mainly undocumented, from Mexico, Central America, and the Orient, settled in the Los Angeles metro area in the 1970's. Muller curiously labeled this settlement phenomenon as a success story in absorbing Third World immigrants, even though he noted that about one million other people

moved out of the county in the same period. Many of the movers may have been earlier immigrants displaced by newcomers from job markets. In Muller's words: "workers who could not move upward or were unwilling to accept lower wages tended to leave the region"

( Muller and Espenshade 1985). Other displacees were, no doubt, part of the "white and black flight", that is, persons who could not adjust to the spreading Third World immigrant subcultures in Los Angeles and the "Hispanicization" of the public schools where currently over 60% of the pupils are now of Mexican and other Hispanic origin.

Ray Marshall, professor of economics at the University of Texas and former secretary of labor under Jimmy Carter, finds fault with the Muller and McCarthy and Valdez study's conclusions that blacks were not displaced by the Latino immigration. Blacks did avoid some head-to-head competition with illegals by moving into clerical and government jobs that required English language skills many Hispanic immigrants did not have. And blacks also had the required citizenship status for government jobs. But not all could find protection in this way and many took flight. Moreover, Marshall believes there was indirect displacement (Marshall 1988) In essence, fewer blacks are migrating to Los Angeles from elsewhere in the United States because jobs they traditionally took are now occupied by Hispanic newcomers. As well, industries thriving in Los Angeles due to cheap undocumented labor crowd out industries in which black labor is well represented elsewhere in the U.S., e.g., textiles in the Carolinas. Thus, blacks are shut out from these jobs when the work, in effect, moves to Southern California. But again, these unemployed black, blue-collar workers are off-stage victims, ignored in studies by Muller and McCarthy and Valdez

Marshall also correctly emphasizes that both Muller and McCarthy and Valdez ignore the seven to ten million Americans who were out of work nationally and the half to one million unemployed in California alone at the time. There was no shortage of U.S. workers available for these jobs and this would be especially true if wages were allowed to rise in jobs otherwise immediately filled by ever-inflowing numbers of illegal immigrants

#### 4. The Concept of Displacement and the Empirical Evidence on Displacement

The displacement rate is defined here as the number of American and legal immigrants actively in the labor force who are not able to work per 100 undocumented who have jobs. Displacement will vary with the wage and unemployment rate, the safety and pleasantness of the job, the potential for raises and promotions, and other factors. For example, few Americans would be permanently displaced in dirty, unsafe minimum-wage jobs with no prospect for promotion. The displacement rate would be much higher, however, for clean, safe jobs with prospects for future promotion even starting at pay rates as low as \$5 per hour.

The concept of "job displacement" should be understood in its several dimensions. As the term is used here, it means, first, that U.S. workers are replaced by undocumented workers, that is, literally thrown out of work. Second, that U.S. workers remain unemployed because they are not informed of job openings dominated by immigrant labor, or that employers prefer and recruit immigrant labor due to their willingness to work hard without overtime pay in unsafe conditions. Third, that because of the presence of undocumented labor, U.S. job seekers, particularly teenagers who have never worked before, cannot find entry level jobs in motels, in restaurants, car washes, warehouses, assembly lines, garment factories, clean-up crews, construction, landscaping, and so on.

Displacement has a fourth manifestation. U.S. workers and job applicants, facing competition from cheap alien labor, often migrate elsewhere in search of jobs and better labor standards. In the depressed Mexicanized border counties of the Southwest, this displacement process has been going on for decades. Many of the displaced border-area Hispanics move to cities in the interior like Houston, Dallas, Denver, Phoenix, Chicago, or Detroit where, in turn, they compete directly with earlier immigrants and migrant groups, some of whom have now become America's "disadvantaged minorities." Subsidized by the welfare state, many inner-city inhabitants are

unwilling to compete with the newcomers. Put another way, job displacement and social assistance entitlements go hand-in-hand to institutionalize what economists call structural unemployment among U.S. minorities, particularly blacks, Puerto Ricans, and U.S.-born Chicanos.

In the past when there were shortages of common and unskilled labor, American employers, contractors, and recruiters never hesitated to break through the barriers of structural unemployment to hire minority workers. During World Wars I and II and the Korean War employers hustled to recruit southern blacks, Puerto Ricans, American Indians, and borderland Mexican-Americans and brought them to Chicago, Gary, Detroit, Buffalo, Seattle, Los Angeles, and many other cities to work in factory and service jobs, and to live in inner-city colonies.

Now many of the inhabitants of those very colonies are caught in a pattern of structural unemployment. Too much eager immigrant labor is at hand. This is especially true since the 1960s when massive numbers of Third World immigrants, asylees and refugees- legal and illegal - began to populate the inner cities of the United States, and when a new surge of undocumented migrant labor has become readily available from Mexico.

Based on my own national survey of Project Jobs, an enforcement action by the Immigration and Naturalization Service, which found and deported more than 5,000 illegal immigrants in urban centers in 1982, and three surveys of job displacement in the Houston-Galveston area between 1982 and 1990, it was estimated that for every 100 undocumented workers in low-skill jobs of all kinds, between 25 and 65 U.S. workers are displaced or remain unemployed (Huddle 1993).

Displacement also varies with the business cycle. When the economy is booming and unemployment is low, relatively few Americans - 25 % - are displaced by the undocumented.

When times are difficult, as in a recession, however, unemployed Americans are willing to take jobs they would not otherwise be willing to take and the displacement rate for urban jobs rises as high as 65 % or more. Being willing to take a job, of course, does not mean that one can get the job, in part because employers prefer illegal alien labor to native labor and due to the alien job network.

What about the other 35 to 75 % of American workers ? Again, based on our field experience and comparative studies of other sectors of the economy, both in Houston and elsewhere in the economy, statistics show that around 35 to 75 % of jobs held by illegal entrants and overstays are jobs which U.S. workers do not want due to low wages, unsafe conditions and lack of upward mobility, again depending upon the phase of the business cycle.

There is general agreement among labor economists and immigration specialists that for the most part U.S. workers and job applicants do not want to work as domestic servants or as migrants in agriculture. For one thing, as in the Southwestern states, these jobs and job standards have become "Mexicanized" and so has the recruiting and contracting system for such labor.

Nor do U.S. workers compete, or want to compete, for jobs created by immigrants for immigrants. For many of these jobs in the depths of ethnic subcultures, there are no fixed labor or wage standards, no paper receipts, nor tax receipts. We refer to employment of undocumented aliens, often relatives, compadres, or friends, in small businesses owned or managed by immigrants or citizen members of the same ethnicity, such as family grocery stores, restaurants, boarding houses, retail shops, funeral services, "soul food" preparation and processing, garment work in the home and in sweat shops, prostitution, notary publics and other paper fixers, and so on. This, too, is part of America's underground economy. Obviously, the more immigrant colonies expand, as in the case of Asian and Hispanic colonies, the more job opportunities there are for immigrant workers, legal and illegal. But, again, this is not a labor market for U.S. workers.

Recent studies have corroborated the results of the Project Jobs national study and the three Houston-Galveston area displacement field studies. Richard Freeman and Harry Holzer of Harvard University found that American black youth were willing to work at wage rates comparable to other youth of like education and that black youth in the multicity study were willing to take and

keep low-skill jobs. Freeman and Holzer also found that labor market shortages greatly enhanced the employment opportunities of black youth consistent with the generalization that minority youth are the last hired and the first fired (Freeman and Holzer 1986).

Two recent econometric studies confirm that not only do immigrants displace, but that they also depress the wages of U.S. workers. Whereas earlier econometric work had missed such effects due to a deficient methodology that studied the impact on *all* native workers rather than only the low skilled, Joseph Altonji and David Card, using an instrumental variables approach across 120 major urban standard metropolitan statistical areas (SMSAs), found immigrant labor greatly depressed the wages of low-skilled native workers, especially blacks and Hispanics, i.e., a depression of more than 12 % in the earnings of all low-skilled U.S. workers for each 10 percentage point increase in the quantity of immigrants in the SMSA (Altonji and Card 1991).

In the case of black males, the reduction in earnings was almost 20 % per 10 % increase in immigrant labor. Altonji and Card also found that immigration caused substantial labor displacement that compounded depression of wages. For example, a 10 % point increase in the proportion of immigrants in an SMSA caused a decline in "labor force participation" of 1.4 % for black males and a .8 % decline for white males; and it caused a decline in the "fraction of last year worked" of 2 % for both black and white males as well as a 1.3 % decline for black females. Since these effects are additive, the displacement effects are quite powerful. 3.4 % per 10 % for black males, 2.8 % per 10 % for white males, etc. for other low-skill workers.

Other researchers have also documented labor displacement and wage depression as follows. Muller and Espenshade (1985) found that in Los Angeles by 1980 immigrants held 168,000 manufacturing jobs whereas a net decline of 55,000 jobs occurred for other workers, a net displacement of 25 %. Borjas, Freeman and Katz (1991) found that roughly 40 % of the 10



% point decline in the weekly wage of high school dropouts in California was caused by trade and immigration flows, mainly through immigration; Walker, Ellis and Barff (1992) find that one unskilled blue-collar worker out migrates from an SMSA for every seven arriving immigrants.

## **5. The Advantages to Employers of Hiring Undocumented Workers**

Why is it that even those unemployed U.S. workers who do want to work at a wage comparable to that paid to illegal aliens in metropolitan areas have such difficulty in finding a job in the same market ?

According to our field research and that of other immigration researchers, employers prefer illegal alien workers because there is a net financial advantage in hiring them even if the employer pays the equivalent of the prevailing wage. How so ? As surveys have shown, about half of employers, contractors, and subcontractors who employ illegals in the state of Texas do not pay, nor do they deduct, taxes from the illegal workers gross pay. For example, a statewide survey done for Texas Governor William Clements in 1982 showed that an estimated 40 to 50 % of the illegals interviewed did not have income tax withholding and FICA taxes taken from their checks, or from their cash payments. This survey by V. Lance Tarrance and Associates, public opinion specialists, was done in Houston, Dallas, San Antonio and other Texas cities. The survey included 1,526 aliens, the great majority of whom had been apprehended by INS.

A 1983 survey by Weintraub and Cardenas found that illegals did contribute slightly more in taxes than they used in social services. But this study has been criticized for having excluded many federal costs, job displacement and wage depression from its calculations, which would have reversed its cost-benefit calculations.

My own Houston-Galveston surveys support the findings of the Texas statewide survey by Governor Clements and yield added corroboration because we did in-depth interviews with 200

undocumented workers, only 50 of whom had been apprehended by INS. This pattern was also confirmed in separate national surveys of illegal immigration by immigration researchers Roger Connor (1982) and David North (1976 and 1981).

Significantly, illegal aliens commonly receive a tax-free wage that is around one-third less than the going wage in the industry or occupation. Yet this wage, with no deductions is about equal to the net after tax wage paid U.S. workers for the same job. In this sense, illegals are obviously "cheaper" for employers to hire and American workers are placed at a competitive disadvantage since both they and their employers must pay income and FICA taxes.

The result is that while employers and contractors profit from cheap undocumented labor, it is usually tax-supported county and city hospitals that pick up the bills for treating low-income or jobless illegals and their dependents. For example, the Los Angeles County Board of Supervisors determined that hundreds of millions of dollars was left unpaid for their medical bills. All the Southwestern states have such unpaid bills. In short, because they are so abundant, illegal aliens in common labor jobs are often treated by employers as a disposable commodity. It is not surprising that U.S. workers either can't or won't compete in such a labor market.

My own field surveys also found that many jobs in industry are never reported to public or private employment agencies. In these industries, low-skill jobs are reserved exclusively for illegal immigrant workers. Most illegal aliens arrive at the job site through one of three pipelines: informal grapevine contracts, also known as the *compadre* system, via a network of professional smugglers called coyotes, or through individual pathways into the United States. When a job slot falls open it is commonly refilled by the *compadre* grapevine, which passes the work along from the job site to family members or friends living in nearby immigrant colonies or *barrios*, or even as far away as the mother country. In Houston, these were the common means used to recruit new workers for

subcontractors at the Exxon refinery. The hiring network has also been confirmed in California by Professor Phillip Martin at University of California, Davis (1988).

Due to this well developed process, employers involved in the network have no need to advertise for workers or to contact the state employment services, for their needs are always met by the numerous new illegal recruits.

Field surveys in Houston and California also showed that once illegal aliens make up a large part of a firm's labor force, they typically become the dominant work force, confirming what was found in a 1976 national study by immigration researchers North and Houstoun. Not only do depressed wage and labor standards facilitate domination of a work site by Third World illegal aliens, but also in a growing number of industries in the Southwestern states, a U.S. worker who is non-Raza cannot qualify for common labor jobs because Spanish has become the language of the foremen, the supervisors, the crew leaders, and the workforce.

## 5. The Social Costs of Job Displacement of U.S. Workers

According to the Council of Economic Advisers in their 1994 report to President Clinton, between 1981 and 1990 about two million full-time workers per year lost their jobs. These workers spent an average of 30 weeks unemployed, and of those who found new employment one-third lost more than 20 % of prior earnings. The impact of job loss was much greater, however, for the low-skilled and less educated. The real income of the bottom 60% of American families were more than 20% lower by the early 1990s than 20 years earlier. By 1993 those with less than a high school education had a 12.5 % unemployment rate compared to 3.5 % for those with a college degree. Those with a high school degree had an unemployment rate of 7.2% compared to about 2 % for those with advanced and professional degrees. The 8.7 million unemployed lost \$197 billion

dollars in wages in 1993 alone , about 7% less than in 1992, a recession year. A major part of the loss was sustained by low-skill labor.

In 1982, federal payments to a displaced worker with dependents averaged around \$7,000. By 1993, the annual cost for an unemployed worker who qualified for Medicaid, Aid to Families with Dependent Children (AFDC), food stamps, unemployment compensation, and general assistance had risen to more than \$11,000.

The question is: how much unemployment was caused by displacement and what was the cost ? We begin by asking how many illegal aliens were residing in the United States by 1994 ? The exact number is unknown, but estimates by the INS, the Census Bureau and the Center for Immigration Studies ( CIS ) place the number at between four and 5.4 million. INS data indicate that approximately 86% of the undocumented are low-skilled and that 77% are working. Thus, 2.65 to 3.58 million illegals by these estimates are working in low-skill jobs in the U S as of 1994. Given that the overall U S unemployment rate was lower than the norm during the 1994 economic recovery, we further conservatively estimate at the current time a displacement rate of 25%, i.e., each 100 working low-skill illegals displace 25 U S low-skill workers. Then between 663,000 and 894,000 U S workers were displaced during 1994. The final adjustment accounts for the fact that not all displaced workers actually qualify for Medicaid and other social programs. Thus, we lower per capita program costs by using only the average utilization rate for each program by the unemployed and arrive at an adjusted total cost of \$3.6 to \$4.6 billion in 1994 due to displacement.

While \$3.6 to \$4.6 billion is not a huge number in comparison with the total losses of the 8.7 million unemployed, we must remember that it represents only the public service costs of displacement, i.e., what it costs the U S taxpayer. The displaced worker himself loses many times

this amount in wages and benefits. Nor is this the end of the story, for the undocumented also consume public resources that must now be accounted for.

#### **6. The Costs of Public Assistance, Education, and Criminal Justice for Illegal Immigrants:**

It is true that some federal and state programs are off limits to the undocumented. But others are not. For example, In the Texas School Case *Plyler v. Doe*, *Guardian, et al* ( No. 80-1538 ), five of nine justices of the U.S. Supreme Court ruled that children of illegal aliens had a constitutional right to a free public education. Free public education includes not only primary secondary education for the undocumented, but also for the "citizen children" of illegal immigrants, i.e., children born to illegal aliens residing in the U.S. who become citizens by right of birth here. Illegal aliens and their children are also eligible for other education related programs including student aid, public higher education, school lunch, AFDC, compensatory education, Head Start, adult education, and bilingual education.

Illegal aliens with citizen children also qualify for food stamps, housing assistance, women, infants and children ( WIC ), unemployment compensation, job training, Medicaid, the earned income tax credit, and general assistance. Illegal aliens also cause other costs such as criminal justice and corrections, the costs of federal and state highway maintenance, social security for the injured and disabled ( SSI ), and costs of county and city services, health, police, fire, libraries, parks, judicial, legal, highways, sewage, welfare, and administration

As part of a broader study for Carrying Capacity Network, a non-profit, non-partisan organization devoted to study of environmental and population issues, the education, social cost, and incarceration costs of illegal aliens and their citizen children were estimated for the year 1993. The study used a wide variety of federal and state government documents such as the 1990 Census, the Statistical Abstract of the U.S., the Economic Report to the President, the Digest of Education

Statistics, and U.S. Department of Commerce data, among many others, to determine the cost of illegal immigration by each cost category. For example, the cost of primary-secondary education was found to be \$4.4 billion in 1993. This was determined by using the national per capita cost of K-12 education of \$6,336 for a school-age population of illegals of 689,520 (80% of school-age illegals). Using census data once again, we determined that there were 557,940 school-age citizen children, of whom 446,352 were actually in school according to the 1990 Census costing a total of \$2.8 billion. This same procedure was followed for some 25 cost categories with appropriate modifications of data for each public service.

Where more direct data were not available, the actual reciprocity rate of immigrants – for example the 1990 Census showed that 86% of non citizen immigrant children attended school K-12 – was adjusted by the actual immigrant public assistance recipient rate of 44.2% from the 1990 Census. This means that immigrants, on average, receive 44.2% more public assistance weighted by the frequency of receipt and the amount of assistance received than does the remainder of the U.S. population. For example, the 52.5 % of school-age population getting free school lunch was increased to 75.7 % of school-attending illegals due to their greater poverty and public-service reciprocity rates.

Using a similar methodology, the total of all public service costs for illegal aliens and their citizen children was calculated to be between \$19.6 and \$26.5 billion depending upon whether we apply the INS estimate of four million illegals or the CIS estimate of 5.4 million illegals, the latter including 550,000 citizen children. The most costly individual programs were public education, \$5.6 to \$7.6 billion, county and city services, \$5.8 to \$7.8 billion, social security, \$2.6 to \$3.5 billion and bilingual education, \$1.3 to \$1.7 billion. From the \$19.6 to \$26.5 billion total must be subtracted all city, county, state, and federal taxes paid by the undocumented totaling \$7.6 to \$10.3 billion. Total costs minus the total taxes paid in results in total net costs of between \$12 to \$16.2 billion. When public service costs are added to the \$3.6 to \$4.8 billion displacement costs

for U.S. workers the overall total cost range is then between \$16 and \$21.6 billion in 1994 (Huddle 1994)<sup>1</sup>

There has been a misunderstanding of the methodology used to derive immigrants costs in public service programs. Dr. Wendy Walker-Moffat (1995) writes that the probability of immigrants receiving public assistance was derived in my study by multiplying a probability by a mean and that there is no mathematical foundation for such statistical analysis. This is incorrect. In fact, the derivation was found by multiplying the factor by which the actual assistance rates of immigrants exceeded that of the native born. This is not a probability. It is found directly from the actual 1990 Census data. Indeed, both the Urban Institute and the Center for Immigration Studies use this very same methodology. Dr. Walker-Moffat complains that the resulting adjustment factor makes the immigrant's use of services appear as disproportionately large. For this she should blame the 1990 Census which brings us factual findings untainted by the wishes and manipulations of advocate scholars.

Dr. Walker-Moffat (1995) also believes that because women and children were the primary users of primary and secondary education, Medi-Cal, county health and welfare services, and AFDC, that an effort should have been made to study these groups directly. She asserts that my assumption of a fertility rate of three percent yearly for U.S.-born children of immigrants is

<sup>1</sup> Huddle, Donald L. 1994. *Executive Summary: The Net National Costs of Immigration in 1993*. Washington, D.C. Carrying Capacity Network, June, pp. 13 and accompany appendix of tables 1994 costs were derived from 1993 actual costs and past average cost increases and tax revenue changes in the study. Alternative national assessments by the Urban Institute and the Center for Immigration Studies do not disaggregate illegal aliens from all other immigrants as is done in the Carrying Capacity Study. The Urban Institute did do a later assessment of state and local costs for the high illegal population states - Arizona, California, Florida, Illinois, New Jersey, New York, and Texas - which showed significant net fiscal deficits for the only three limited categories of costs it examined - Medicaid, education, and incarceration costs - minus all local and state taxes paid in based on 1992 data. Comparatively, the Carrying Capacity Network study examined some twenty categories of illegal immigrant costs. See: The Urban Institute, *Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States* Washington, D.C. September, pp 187

important because my calculation of the future public service cost of immigrants in California is based in part on this population (Huddle 1993). She neglects to mention that I also assumed that this 3 percent would be totally offset by the savings of an two % emigration rate and a one % death rate so that there is, in fact, no increase in costs projected from this source. Quite aside from this, it is well known that fertility rates of the foreign born are much higher than those of native born. For example, in California, where immigration from Mexico is a major factor, "Hispanic fertility rose from 3.16 in 1982, to 3.5 by 1988, and to over 3.9 in 1990 ....and that ..."the growing share of foreign-born in California is likely to carry fertility a great deal higher..."

(Abernathy 1993: 216).

The Carrying Capacity Network study also projected the future costs of illegal immigration to the United States. By assuming no changes in policy or enforcement, the nation's illegal immigrant population was projected to rise from either 4 million to 7 million or to 5.1 million to 8.1 million by the year 2003.

The Carrying Capacity Network study conservatively projects that the stock of illegal settlers will grow by an average of 300,000 per year based on current estimates of the Immigration and Naturalization Service (Warren 1994). These figures represent the net growth of the stocks of illegal immigrants after taking into account projected emigration and death rates of 1.5 % and .5 % respectively. It is also assumed that tax collections will grow by 4.87 % annually and that the skill profile of illegal immigrants entering after 1993 and the displacement factor of 25 % will both continue.

There is considerable evidence, however, that would support even higher projections of illegal immigration than these if current policies are continued. For example, the Center for Immigration Studies finds that there were 1.21 million immigrants nationally in 1992 if asylum entrants are included given that about two thirds of asylees become, de facto, illegal immigrants by not



appearing for their hearings. The Center expects this number to continue rising ( Center for Immigration Studies 1993) along with total immigration. The Census Bureau's 1992 high projection of all immigration is 1.37 million annually by 2080. Demographers Ahlburg and Vaupel ( 1990) find total immigration rising to two million by 2080. The INS itself recently raised its own estimate of illegal immigration from 200,000 yearly to 300,000 yearly. Further increases may well be in store for the U.S. given deteriorating economic and political conditions in Mexico and the Third World.

Using our previous estimates of illegal alien stocks of 4 to 5.4 million and growth by 300,000 yearly, we find that the net costs of public assistance for illegal immigrants and the U.S. workers they displace will be between \$253 and \$304 billion in present value 1994 dollars for the decade 1995-2004.

Other looming costs could easily expand the nation's total expenditures for the 1995-2004 decade beyond the above billions. For example, the Clinton Administration has proposed many billions for expansion of assistance programs that, if approved, would favor dependent immigrants.

Under consideration also are enhanced job training and assistance and a \$9.3 billion annual package to assist clients to leave the welfare rolls. Further increases in Earned Income Tax Credit subsidies to additional low-income households and to some single mothers already approved in 1994 will carry an additional total cost to the U.S. treasury of several billions.

The Clinton plan for universal health coverage would cost the treasury an additional \$100 billion in subsidies. Few illegal immigrants are currently insured. Unless carefully administered, universal health care itself could become a magnet for additional high-dependency illegals with citizen children. The White House itself said the plan under consideration would not be open to illegal residents though they would continue to receive emergency medical care. However, as in the past,

court decisions could overrule the government's exclusion of illegal immigrants. And it is unclear how illegal immigrants who hold jobs using false identification could be detected.

Clearly, the current and prospective costs of education and public assistance for illegal immigrants, their citizen children, and those they displace is a massive diversion of federal and state resources from alternative investments with greater potential return. Hardest hit by the state and local shares of these costs are California, New York, Texas, Florida, New Jersey, and Illinois, where nearly 80 % of illegal immigrants settle. Since the late 1980s the federal government has actually cut back its contribution to state-run assistance programs to refugee and other humanitarian entrants, while increasing the numbers admitted.

## 7. Considerations of Other Costs and Benefits of Illegal Immigration

Obviously the major driving force behind illegal immigration is jobs for the illegal him or herself and a hard working, compliant, nonunion labor force for the employer - a labor force that insures lower costs and higher profits for employers. Survey data also indicates that illegal immigrants also come for a better life for both themselves and their children, including a better education. Many illegals who originally came just to earn money change their objectives as they are in the U.S. longer and assimilate to the blue-jean and fast food culture and the possibility of upward mobility.

Pro immigration advocates have often pointed out that by benefiting the employer's bottom line and by spending their earnings in the U.S., illegals also help to create jobs. George Borjas, an immigration researcher and professor of economics at the University of California at San Diego, finds that immigrants, legal and illegal, probably contribute about \$6 billion net income yearly to the U.S. economy (Borjas 1995). This is less than one tenth of 1% of our \$6 trillion gross national product (GNP).

Borjas finds two offsetting effects. First, he estimates that native-born workers lose \$114 billion a year from immigrant competition for jobs in the way of wage depression. On the other hand, employers and owners of capital gain about \$120 billion per year from the same wage effect. This class of winners includes the more affluent middle class who hire immigrants as nannies, gardeners, and for home remodeling jobs.

The above income effects are for all immigration, legal and illegal. Illegal immigrants constitute almost 25 % of all immigrants arriving since the year 1969. Thus, the gross wage loss imposed by them on the native born would be about \$28.5 billion and the gain they yield to their employers and the affluent would be about \$30 billion. The overall net gain to employers in the private sector minus the losses of native-born employees due to illegal immigration is the difference of \$1.5 billion.

However, this overall net gain to the economy of \$1.5 billion is more than offset by the public service, education, and incarceration costs of illegal immigrants of between \$16 to \$21.6 billion yearly resulting in an overall loss both public and private of between \$14.5 to \$20.1 billion as of 1994

Among other costs not included up to this point are costs related to the environment which accompany population growth. These include costs of compliance with clean air and clean water acts, preservation of wetlands, and toxic waste disposal. One example of such costs that the Carrying Capacity Network study was able to determine was the uncompensated environmental and resource costs of operating motor vehicles. These costs, estimated at \$ 30 cents per mile by the Todd Littman study in 1993, are projected to total \$2.8 to \$3.8 billion in 1994 dollars, depending upon whether the resident population of illegals is four million or 5.4 million, and are projected to total over \$31.2 to \$42.2 billion over the 1995 to 2004 decade

Adding the environmental costs of driving to the prior national deficit results in an overall private, public, and environmental cost of between \$17.3 and \$23.9 billion in 1994 and approximately \$240 billion to \$330 billion over the coming decade.

Other costs not addressed in the current study would add billions more to the above totals. The major costs not quantifiable at the current time are: the costs of public assistance obtained by ineligible immigrants through fraud; the costs of screening, admitting, and administering illegals in federal Departments of Justice, Health and Human Services, Labor, and State; costs in border communities and states of subsidized education for foreign commuter students illegally receiving residential tuition rates in public school and colleges; the value of income taxes and other non-FICA taxes foregone because of unemployment of displaced U.S. workers and due to depressed wages, or the costs of retraining and relocation aid to them; other environmental costs including the compliance costs of the clean air and water acts, preservation of wetlands, and disposal of toxic waste; finally we have not added the costs to which all legal residents contribute: national defense, national parks, interest on the national debt, and subsidies to government enterprises.

#### **8. Policy Matters: Avoiding Future Costs Via Reduced Flows and Improved Enforcement**

It is by now obvious that the current high levels of illegal immigration are costly to the taxpayer. In the private sector, there is a trade off. The affluent middle class and owners of capital gain substantially from the cheap labor of illegal aliens. Competing laborers, particularly the low-skill, non-college workers, lose out from displacement and wage depression, which offsets most, if not all, of the private sector's gains. Thus, the public sector losses are very large while the private sector's gains and losses are more or less offsetting. But, while largely offsetting, the

private sector changes greatly worsen the income distribution between the "haves" and the "have nots". This increasing gap exacerbates an already bad situation arising from the continuing internationalization of the economy and rapid technological change, both influences that have caused the loss of millions of high-wage factory and industrial jobs in the U.S. Reflecting these changes, U.S. income distribution is at its most unequal level since such statistics have been kept. The lowest fifth of the population now receives only 4.4% of aggregate income while the top fifth receives 44.6% (U.S. Department of Commerce 1994).

In poll after poll large majorities of Americans, including native-born and Hispanic immigrants, want to curtail illegal immigration. This has not happened. The major governmental attempt to control and reduce illegal immigration was the Immigration Reform and Control Act (IRCA) in 1986. IRCA was a compromise: more than three million former illegal aliens who had been residents in the U.S. since before 1982 were given amnesty. This included almost a million special agricultural workers (SAWs) who received special dispensation for having worked in U.S. seasonal agriculture for at least six months. The latter were needed, it was argued by powerful agricultural interests, to insure that the crops didn't spoil in the fields. The trade off was that business interests allowed an employer-sanctions bill to pass. This required employers to request identification from all new workers hired to insure their legality, or else face stiff fines. To make the system workable, the border patrol and INS were to receive adequate resources to keep our borders secure and to check the documentation of new business hires.

Immediately after IRCA passed, the numbers of illegal aliens apprehended at the border dropped precipitously - from almost 1.8 million in 1986 to 1.2 million in 1987 and 950,000 by 1989 - as potential illegal entrants waited to see if the new system would work effectively. However, by 1990 border apprehensions were once again on the rise, reaching 1.3 million in 1993, 95% of whom were of Mexican origin, as the government failed to provide sufficient resources to the INS and border patrol. Both continued to be underfunded while factories churned out millions of fraudulent

identification documents. Although most employers dutifully kept new employee records as required by IRCA, INS had few investigation teams to check documents for authenticity. Subsequent research showed that massive fraud had occurred in the SAW program as illegal aliens in great numbers crossed the border to claim special agricultural employment status "after" IRCA had passed. According to subsequent INS investigators, perhaps two-thirds of the SAW applicants were fraudulent. In the meantime, the government has yet to develop or test a fraud-proof identification system even though this was required under IRCA itself.

Thus, eight years after IRCA, the system is moving further out of control with illegal immigration climbing dramatically by 50% to more than 1.3 million in just 4 years, forcing even the conservative Census Bureau to raise its estimate of permanent resident illegal aliens inflow by 50% from 200,000 to 300,000 yearly.

Border apprehensions are only one part of the problem. As stated earlier, up to 50% of illegal immigration occurs not at the border, but by legal entry and then by visa overstays. In the meantime, another leak has occurred in the system: asylees, once a small problem as late as 1987 when only 25,000 of them arrived, are arriving in ever-increasing numbers - 144,000 in fiscal 1993 alone. The problem is that asylees cannot be held until their formal hearings due to a budget shortfall and subsequent lack of INS facilities. Typically asylees are released with a work permit and given a hearing date often well into the future. There is currently a huge and growing backlog. Only 34,000 claims were adjudicated in 1993, with 244,000 or more waiting for hearings two or three years down the road. Even then about two-thirds of asylees do not appear at their hearings. Thus, they become *de facto* illegal immigrants secure in the knowledge that under current immigration policy it is highly improbable that they will be apprehended and deported. Only 36,686 illegal aliens were actually deported in 1993, less than 1% of those residing here even by the conservative Census Bureau estimates.

And matters are likely to become worse. Instead of the improvement in jobs and incomes in Mexico and reduced illegal immigration that supporters of the North American Free Trade Agreement (NAFTA) promised, the agreement instead opened the wallets of banks and investors in the United States and Europe while stripping away the import protection used by Mexico to keep a stable peso. Internal strife in Chiapas and the assassination of Institutional Revolutionary Party (PRI) Presidential candidate Collosio there were the factors that exposed an overvalued peso and, in just a few weeks, a financial crisis has developed with peso devaluation's of over 40% with more likely to come. The U.S. has responded with credits in the billions and a Clinton administration total credit bailout amounting to \$50 billion, more than \$20 billion of which is from the U.S. But as we write, increasing numbers in Congress express doubt about the appropriateness of the bailout unless Mexico brings its own monetary excesses to a halt and institutes permanent monetary and democratic reforms.

Whether the U.S. did or did not cosign and arrange \$50 billion of Mexican government credits does not signify, as the Clinton administration has claimed, a world-shaking economic event. What it does mean is an increasing flow of illegal entrants, a flow already beginning in the hundreds of thousands annually due to a toothless U.S. border policy and the Mexican government's yanking away from their small farmers millions in credits and price supports even as cheap U.S. farm products swamp Mexico under NAFTA's low tariffs. The net result millions of Mexican small farmers and their families will emigrate to Mexican cities and the U.S. Only now, these emigrants will be joining hundreds of thousands of other Mexican laborers, tradesmen, and small businessmen unable to make a living wage

What to do ? On the Mexican side, the U.S. has attached stronger conditions than originally proposed by the Clinton administration to the bailout package by requiring permanent monetary reforms and various guarantees, e.g. coffee receipt pledges on the cosigned notes. But not a word from the Clinton administration about Mexico's government helping restrain the millions illegally

emigrating to the U.S. For its own part, the United States has continued to equivocate proposing to add a few additional asylee judges, internal investigators, border officers and vague proposals about testing new employer sanction identification systems while doing nothing about visa violators. In other words, pretty much "business as usual" with immigrant advocates and business interests joining the affluent middle class (who get cheap nannies and gardeners and pay a few cents less for their tomatoes) to block any effective reform.

The problem with "business as usual" is that the grass roots citizenry is beginning to take matters into its own hands. As California's Proposition 187 has demonstrated, politicians such as California Governor Pete Wilson will always be willing to capitalize on the grass roots disenchantment with the windfall model as the quality of their lives deteriorates. Despite a bitterly fought contest, Proposition 187 in the end passed with a surprisingly large margin even though majorities of Hispanics, naturalized immigrants, and even blacks, against their own economic interest, voted against it. Whether it will be implemented, in whole or in part, is still anyone's guess, but whether implemented or not, it has already sent a powerful message that politicians at the state and national level have heard loud and clear. Due to this message, even the reluctant, foot dragging Clinton administration has done an about face on two immigration fronts: it has now decided to experiment with a national registry to help employers verify the legal status of workers (recommended last year by former House of Representative member Barbara Jordon's federal immigration commission and initially rejected by the administration); and it has also decided to ask Congress to fund a 40% increase in INS investigators for greater enforcement against criminal aliens and to check employer documents on recent hires (after having proposed cutting the INS and border patrol budget for the current year).

It is hard to know how to evaluate the substance of Clinton's shift in rhetoric since he has not followed through on his tough talk in the past. One must wonder how hard the Clinton administration will actually work to get the program funding through Congress since it has



consistently opposed tough measures in the past ( e.g., Proposition 187 in California which specifies that only emergency medical services will be provided to illegal immigrants and their children). Nor has the president favored cutting welfare and free public services for legal alien residents who are not citizens. My own impression is that the Clinton administration will do only what it absolutely believes it must do to survive politically. But this might have to be quite a bit, given the mood of the country.

In the meantime, to the absolute surprise of immigrant advocates who continue to maintain that illegal immigration, like death and taxes, cannot be stopped, the border patrol at El Paso, under the innovative spirit of its Border Patrol Chief Sylvester Reyes, who instigated operation blockade on his own initiative without approval of the INS bureaucracy, has shown that illegal immigration can be stopped. By placing a tight person-to-person cordon at the crossing points, illegal immigration has been slowed to a trickle. Surprisingly, this was done with the border patrol officers on hand without requiring additional resources, by diverting interior patrols and placing everyone on the firing line. True, determined immigrants can still go to other sectors where there is no blockade. But, practically speaking, this requires them to undergo a difficult and perilous journey through the mountains, which few illegals have undertaken up to now. Such operations succeed not by making illegal immigration impossible, but by increasing the costs financially and physically to the point where few undertake the perilous journey.

Due to the success of the El Paso venture, a similar experiment recently began in the San Diego sector, where over half a million illegal aliens are apprehended annually. Attorney General Janet Reno has claimed great success for this El Paso copy-cat program in slowing alien crossings. But, unlike the El Paso program, little hard data have yet been forthcoming as to its impact.

In truth, while illegal immigration cannot be stopped entirely it can be significantly slowed to less than 100,000 illegal aliens per year if, and only if, enforcement measures are put in place including

the following: a fraud-proof identification system for employment verification, which could include the national database now sought by the Clinton administration; at a minimum probably a doubling, rather than the 40% to be requested by the administration for the border patrol and INS internal investigations; at least a doubling of asylee judges to raise the number of cases adjudicated to more than 70,000 annually from the current 34,000; new laws that would automatically return any asylum claimants who destroyed their identification documents while traveling here to their country of origin, to prevent current widespread abuses; speeding up the appeals process, whereby an individual who is rejected for asylum or about to be deported can remain here almost indefinitely; staffing airports, where most asylees originate, with INS personnel to prevent abusers from gaining entry to the U.S., because once here they can avail themselves of almost infinite appeals and delays; providing detention facilities for those who await asylum hearings unless family members or friends provide an adequate bond to insure their appearance at their appointed time; and finally, if not changing the citizen child laws, at least preventing those who knowingly subvert the law through illegal entry from gaining access to free public services and welfare benefits by giving birth to citizen children, and also deporting those immigrants, with or without citizen children, who have violated the law.

In short, to make a real dent in the problem of illegal immigration the country must be willing to spend substantially more than it does currently, perhaps as much as \$2 to \$3 billion more per year; and to rewrite and tighten up both asylee and immigration laws and law enforcement. Even after spending \$2 or \$3 billion more on enforcement and new facilities and personnel, however, the savings for the taxpayer would still be substantial: upwards of \$15 to \$20 billion net savings per year depending upon the current size of the illegal alien population, and savings of more than \$210 to \$280 billion over the next ten years in 1994 dollars.

The alternative, due to deteriorating conditions in Mexico and elsewhere in the Third World, is much higher levels of illegal immigration than previously anticipated - perhaps as many as 500,000

yearly as mentioned by the Clinton administration, with consequently much higher levels of education, public service, and incarceration costs than we have projected above.

## 8. Concluding Comments and Recommendations

The tremendous furor over illegal immigration at the grass roots level, as demonstrated by Proposition 187 in California and similar movements in Arizona, Colorado and fifteen other states, has galvanized federal and state political support for more stringent means of enforcement needed to substantially reduce the current annual flows of illegal immigrants and also to reduce the four to 5.4 million total number of illegals currently residing in the U.S.

The question remains: will the Congress and the Clinton administration cooperate to approve and fund the new and tougher measures? At best, in my opinion, if the rather weak, half measures currently recommended by the administration are approved and funded, illegal immigration will not fall far below 200,000 to 300,000 per year given the increased instability in Mexico and Third World countries. Nor will the stocks of illegals fall from current levels of 4 to 5.4 million. Thus, taxpayers will not realize any of the potential savings of \$100 to \$200 billion over the next decade, but also will not likely incur the much higher levels of costs that would ensue if the new enforcement levels were not approved and funded. Only the much more comprehensive reforms outlined earlier would result in the substantial 10 year savings approximating \$280 billion. But even this must be reduced by the costs of carrying out the needed new enforcement measures.

The most probable outcome, then, is that the job, schooling, and welfare magnets which "pull" illegal immigrants from the Third World may be reduced somewhat but not eliminated. This, along with the "push" factors of overpopulation, unemployment and ecological pressures in the Third World, and in particular Mexico, will bring new pressures and challenges for the United States.

Most likely it will be the states most heavily effected by immigration that will take the lead in forcing the a reluctant Congress and President to action. These include the Initiatives mentioned earlier paralleling California's Proposition 187 in fifteen states.

All of this said, illegal immigration is only one of many challenges faced today by Americans. Seldom mentioned, for example, are the hordes of unskilled, dependent numbers of legal immigrants, a problem virtually ignored both by states, the media, and politicians. Surprisingly to many, legal immigration is more costly than is illegal immigration. The Carrying Capacity Network study found that the 13 million legal immigrants who have come here since 1969 cost taxpayers \$24 billion after taxes annually, projected to more than \$340 billion over the next decade given no changes in current immigration laws. The public has not grasped the fact that only a small "minority" ( about one quarter) of legal immigrants are professional and highly educated ( 1990 Census) while the "majority" actually have little education and few work skills. Immigration policy since 1965 has centered on "family reunification" rather than labor skills needed by the economy. But "family reunification" includes not only spouses, parents, and children, but also brothers and sisters, which means that chain migration spreads via interlocking families in the Third World. The 1990 Immigration Act, which purported to correct this imbalance by enhancing the flow of skilled immigrants, actually increased all immigration by 35 % to more than one million, including refugees and asylees, by 1994, 70 percent of whom were actually low-skilled and/or dependent rather than skilled professionals.

The Carrying Capacity Network ( CCN 1993) study was challenged by the Urban Institute's Clark Passel, and Fix (1993) who claimed that both it and two other major studies of the net costs of immigration by Los Angeles County (1992), and Parker and Rea ( 1993) were flawed. The Clark, Passel, and Fix charges have been sharply repudiated by Huddle (1994) and then later on by CIS (1994) The updated CCN study took all such criticisms into account and found

that net costs indeed rose in the updated study ( 1994). Subsequently, the highly respected Center for Immigration Studies ( 1994) found that Clark, Passel, and Fix had undercounted immigrant costs by some \$59 billion both by ignoring many costs and by underestimating others. This matter is too complicated to analyze in the short space allotted here, but the reader should note that this controversy is in the main about the costs of legal immigration. Even Clark, Passel, Zimmerman and Fix reluctantly agree that illegal immigrants have a significant component of net fiscal costs ( 9-1994).

States may themselves again take the lead from Congress on the question of how much legal immigration is appropriate. Although a number of House and Senate bills, which call for reductions in the level of legal immigration, are currently working their way through committees, these are likely to be blocked in committee by pro immigration Senators such as Ted Kennedy. But California's Proposition 187 has become a lightning rod for grass-roots organizers in some eighteen states who are now readying USA-187 for the ballot calling for a moratorium on all immigration. It is too early to tell how successful these efforts will be, but they may be sufficient to push a fearful Congress into action on legal immigration too.

In the meantime, the overall situation is disquieting post-1990 low-skilled and dependent immigrants by the hundreds of thousands will soon qualify for more social assistance and other ethnic entitlement programs, including affirmative action hiring preferences for minorities. It will be difficult, if not impossible, to justify welfare, public services, and education for large numbers of low-skill, dependent immigrants, much less affirmative action, which gives them hiring preferences when so many restive native-born are becoming more deeply mired in poverty.

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RICE UNIVERSITY  
Department of Economics

April 14, 1995

To: Subcommittee on Immigration and Claims  
Chairman, Representative Lamar Smith

From: Professor Donald L. Huddle  
Department of Economics  
Rice University

Re: Oversight Hearing on the Toll of Illegal Immigration on Public Benefit Programs and the American Labor Force.

The written and verbal testimony offered at the hearing on April 5, 1995 requires several revisions and modifications as follows:

1. Systematic Verification Program. (SAVE)

Jeffrey Passel argued that SAVE does prevent illegal immigrants from consuming federal benefits. As Chairman Lamar Smith stated, SAVE does not prevent such consumption if illegal immigrants claim they are citizens. Passel claimed that they are very reluctant to commit such fraud. The question is: do they claim to be citizens or not?

Apparently, many illegal immigrants do claim to be citizens. The Rand background paper presented by George Vemas at the hearings confirms this ( "The Public Costs of Immigration: Why Does It Matter, Table 3.3 on page 30) clearly indicates that Salvadoran undocumented immigrants illegally participated in federal programs in 1991 and earlier as follows

AFDC: 14%  
Food stamps: 22%  
WIC: 33%  
Unemployment Compensation: 8%  
Workers Compensation: 4%

Moreover, Salvadoran immigrants on Temporary Protective Status ( TPS) and on Temporary Visas also illegally participated at slightly lesser levels in these same programs.

Note that the above participation rates are much higher than those used in the Huddle Carrying Capacity Network study meaning that Huddle's net cost estimates of \$16 to \$20.6 billion are probably very conservative.

Mr. SMITH. Dr. Huddle, before we go on to Dr. Borjas, you have given a lot of figures out.

Mr. HUDDLE. Yes, sir.

Mr. SMITH. What was your total cost of benefits going to illegal aliens today, what was the total cost of displacement cost of workers, just that one figure.

Mr. HUDDLE. Yes. The total was \$16 to \$21.6 billion. That includes the \$3.6 to \$4.8 billion, which includes displacement costs; that is, the public services required for displaced Americans and pre-1970 immigrants.

Mr. SMITH. The \$16 billion refers to displacement cost and benefits both?

Mr. HUDDLE. That is correct. That is for 4 million illegal immigrants.

Mr. SMITH. Thank you, Dr. Huddle.

We will need to move on.

Dr. Borjas.

### **STATEMENT OF GEORGE J. BORJAS, UNIVERSITY OF CALIFORNIA AT SAN DIEGO**

Mr. BORJAS. Thank you, Mr. Chairman, and thank you very much for giving me the opportunity to participate in this hearing today.

The testimony I am about to give really straddles both panel one and panel two in terms of public benefits and the impact on the labor force, as well as dealing both with legal and illegal immigrants.

With that in mind, let me just point out that I think the reason that we are having a big debate over immigration today is because of the trend we have seen in terms of the skill composition of immigrants in the last 20, 30 years.

Just to give you an idea of what the trends look like in terms of the measure of skills; when the typical immigrant arrived in the United States in 1970, a recently arrived immigrant at the time of arrival earned essentially about 17 percent less than natives at the time. By 1990, the most recently arrived immigrants entered the country earning about 32 percent less than natives, and those numbers sort of indicate the change in skill composition as compared to natives and the worsening of skill composition as compared to natives.

That would not be much of a concern if that entry gap narrowed substantially over the life cycle. But if you were to take the trend of what actually happened in the last 20 years and projected into the future, it doesn't look very promising.

Just to give you another number again, it turns out that the most we can expect is about a 10-percentage point narrowing in the wage gap between natives and immigrants. Now, that 10-percentage point narrowing was sufficient to allow earlier waves of immigrants to, more or less, reach earnings parity with natives. It is not enough to substantially diminish the 32-percent entry wage gap that the more recent cohorts are facing.

Now, why should we care about this? For two reasons: First, is the public benefits question that is being discussed right now. In terms of public benefits, it is very clear what the trends look like.

In 1970, immigrants as a whole were less likely than natives to receive welfare or cash benefits in particular, according to census data.

By 1990, immigrants had a 9.1-percent participation rate in cash benefit programs, as opposed to only 7.4 percent for natives. So in a short 20 years, the trend really changed direction and substantially widened.

And that change in the trend is due to two factors: First, is the fact that more recent waves, because they tend to be less skilled, tend to participate more often in welfare programs. But perhaps even more worrisome is the trend that a particular wave of immigrants over time becomes more prone to receive cash benefits.

For example, the entry cohort arriving in the late 1970's had about a 5.5-percent or so participation rate at that time, and that was substantially higher for the same cohort 10 years later in the 1990 census. Let me also tell you another reason as to why it is that we have to worry about the skilled composition of the immigrant flow, and that is the impact on the American labor market, and the American labor force in particular.

There have been two generations of studies trying to analyze the extent to which immigrants hurt or help the earning opportunities of native workers. The first of the studies were essentially composed of analysis done by economists and other social scientists that compared natives residing in cities like San Diego or Los Angeles, cities where there are many immigrants, and two cities like Atlanta or Pittsburgh, cities where there are very few immigrants, the presumption being that if immigrants really hurt natives, you would tend to see natives in San Diego and Los Angeles being much worse off than natives in Atlanta or in Pittsburgh.

When you do that cross-city correlation, you tend to find a negative correlation, indicating that, indeed, immigrants do hurt natives, but the correlation is so weak in most studies as to be almost numerically trivial. Now, one can interpret the correlation, as many have, including myself at that time, one can interpret the correlation as saying that immigrants do not affect the earning opportunities as natives. More recent research, the so-called second-generation studies tend to take a different tact.

The tact they take is to start off with a statement, the natives are not ignorant of what is going on in the labor market. When natives see immigrants coming into Los Angeles, say, and they see their earnings opportunities being hurt by immigrants, natives will vote with their feet basically. Native labor who is living in Los Angeles might move out of Los Angeles and thereby carry the negative impact to the whole country. Or native capitalists might decide to invest somewhere else to take advantage of the unskilled workers and not invest in Atlanta, for example. And that kind of voting either by capitalists or by workers, in effect, dissipates or balances out the adverse impact of immigration over the whole economy.

There is, in fact, some empirical evidence indicating that native mobility patterns in terms of labor mobility is affected by immigrant flows. Some recent studies have taken a very different perception of the problem by looking at the correlation essentially between what happened to wage inequality in the 1980's and what happened to the entry of unskilled immigrants in the 1980's.

As you know, wage inequality increased substantially in the 1980's, and some studies have concluded that perhaps as much as a third in the increase of wage inequality, the increase in the skilled-unskilled wage gap, might be attributable to the increase in the number of unskilled immigrants in the country.

Thank you very much.

[The prepared statement of Mr. Borjas follows:]

## PREPARED STATEMENT OF GEORGE J. BORJAS, UNIVERSITY OF CALIFORNIA AT SAN DIEGO

There are a number of myths which permeate the immigration debate and which are based on either a misinterpretation of the facts or on a distortion of the data. Before we can engage in a serious debate over *legal* immigration policy, it is worth contemplating on a simple question: What do we know about the economic impact of immigrants on the United States, and how are the trends distorted by the presence of refugees and illegal aliens?

### **Labor Market Performance of Immigrants**

Most of the immigrants now entering the United States are less skilled workers, who do not perform well in the labor market, and who have little hope of reaching economic parity with native workers during their lifetimes.

The typical immigrant who had just arrived in the United States in 1970 had 11.1 years of schooling, as compared to 11.5 years for the typical native worker at that time. By 1990, the typical immigrant who had just entered the country had 11.9 years of schooling, as compared to 13.2 years for natives. In view of the widening gap in educational attainment between the two groups, it is not surprising that the wage differential between immigrants and natives rose dramatically. The most recent arrivals enumerated in the 1970 Census earned 16.6 percent less than natives at the time of entry. By 1990, the wage disadvantage between the most recent immigrant wave and natives was 31.7 percent.

The poor economic performance of recent immigrant waves at the time of entry would not be a cause for concern if the immigrant economic disadvantage diminished over time, as immigrants assimilated into the U.S. labor market. The process of economic assimilation takes place mainly in the first two decades after arrival and narrows the wage gap between immigrants and natives by only about 10 percentage points. This rate of assimilation allowed earlier immigrant waves, such as those who arrived in the late 1960s, to almost "catch up" with natives, but is not sufficient to permit more recent immigrant waves to reach economic parity. If the recent waves experience the same extent of economic assimilation as earlier waves, the wage gap between recent immigrants and natives will remain at about 20 percentage points throughout much of the immigrants' working lives.

### **Welfare Use Among Immigrants**

There is little doubt that immigrant use of welfare programs is on the rise. In 1970, immigrants were slightly less likely to receive cash benefits (such as AFDC and SSI) than natives. By 1990, the fraction of immigrant households receiving public assistance was 9.1 percent, or 1.7 percentage points higher than the fraction of native households.

Two distinct factors account for the disproportionate increase in welfare use among immigrant households. Because more recent immigrant waves are less skilled than earlier waves, it is not surprising that more recent immigrant waves are also more likely to use welfare than

earlier waves. In 1970, only 5.5 percent of the newly-arrived immigrant households received welfare, as compared to 6.0 percent for native households. By 1990, 8.3 percent of the newly-arrived immigrants received public assistance, as compared to 7.4 percent of native households. In addition, the welfare participation rate of a specific immigrant wave *increases* over time. The immigrant wave that arrived between 1965 and 1969 had an initial welfare participation rate of 5.5 percent in 1970. By 1990, the participation rate of this cohort had risen to 9.8 percent. It seems, therefore, that the assimilation process involves not only learning about labor market opportunities, but also learning about the income opportunities provided by the welfare state.

### The Role of Refugees and Illegal Aliens

There are huge differences in educational attainment, earnings, and welfare propensities among national origin groups. In 1990, immigrants from France and Germany earned about 25 percent more than natives, those from China and Peru earned 21 percent less than natives, and those from El Salvador and Mexico earned 40 percent less than natives. Similarly, only about 2 to 4 percent of the households originating in South Africa, Taiwan, or the United Kingdom received public assistance, as opposed to 11 to 12 percent of the households originating in Ecuador or Mexico, and nearly 50 percent of the households originating in Laos or Cambodia. In view of these differences, it is tempting to "blame" refugees and illegal aliens (as opposed to legal immigrants) for the disturbing trends in the economic impact of immigration.

For instance, the Manhattan Institute's recent "Index of Leading Immigration Indicators" dismisses the high propensities of immigrants to receive public assistance by noting that "immigrants are more likely than natives to receive welfare, but that is due mainly to very high rates of welfare use among refugees and the elderly." However, the definition of *both* the native and immigrant populations influences what we conclude about the economic and social benefits from immigration. To illustrate, Figure 1 reports the welfare participation rate of various groups of native and immigrant households in 1990. Overall, immigrants are more likely to be on welfare than natives. If one looks only at the non-refugee population, however, the welfare gap between immigrants and natives essentially disappears. If we further get rid of elderly households, we find that non-refugee, non-Mexican immigrants are *less* likely to be on welfare than natives.

Before we conclude that we have found the source of the immigration problem, however, two points that are well-worth remembering. Just as we can minimize the magnitude of the immigration problem by getting rid of the refugees and of a large number of presumed illegals, we can play a similar game in the native population. As Figure 1 illustrates, even "select" groups of immigrants are more likely to be on welfare than white, non-Hispanic natives. More important, even if we were to find that these select groups of "legal" immigrants have the same propensity to be on welfare as a similarly select group of natives, we would still have a problem. After all, wouldn't that finding *in itself* be strong evidence of the failure of the policies which regulate legal immigration? Shouldn't our legal immigration policy strive to admit workers who do more than just replicate the social and economic problems already present in our native population?

## Immigrants and Job Competition

Another reason for being concerned over the impact of unskilled immigration is that unskilled immigrants probably have an adverse impact on the economic opportunities of unskilled natives. Economists have typically estimated the impact of immigration on native earnings by comparing the earnings of natives who reside in "immigrant" cities (such as Los Angeles) with the earnings of natives who reside in cities where few immigrants live (such as Atlanta). These across-city correlations suggest that the average native wage is slightly lower in labor markets where immigrants tend to cluster. If one city has 10 percent more immigrants than another, the native wage in the city with more immigrants is only about .2 percent lower.

This across-city correlation, however, does *not* necessarily indicate that immigrants have a harmless impact on native workers. Suppose, for example, that immigration into Los Angeles lowers the earnings of natives in LA substantially. Native workers are not likely to stand idly by and watch their economic opportunities evaporate. Many will move out of the Los Angeles basin into other cities, and persons who were considering moving to Los Angeles will now move somewhere else instead. As native workers respond to immigration by voting with their feet, the adverse impact of immigration on the LA labor market is transmitted to the entire economy. In the end, *all* native workers are worse off from immigration, not simply those residing in cities where immigrants cluster.

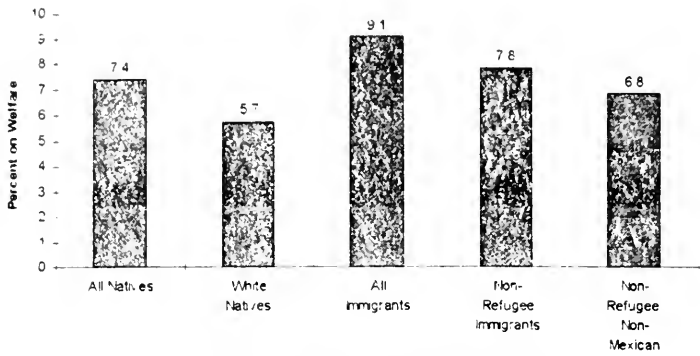
The 1980s witnessed a substantial increase in the wage gap between workers who do not have a high school diploma and workers with more education. The decade also witnessed the entry of large numbers of less skilled immigrants. Recent evidence suggests that perhaps a third of the 10 percentage point decline in the relative wage of high school dropouts between 1980 and 1988 can be attributed to the less skilled immigration flow.

## Do We Gain from Immigration?

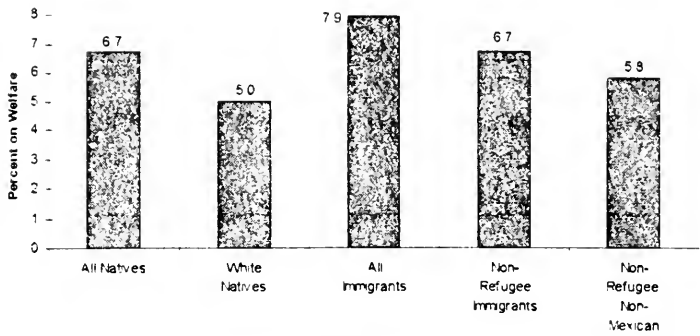
It is typically argued that immigrants spur economic growth; that immigrant workers lower prices for American consumers; and that immigrants increase the demand for goods and services produced by many native-owned firms. These claims, however, are seldom, *if ever*, backed up by a number indicating exactly how much Americans gain from immigration.

It turns out that the available estimates of how much natives gain from immigration are astoundingly low. It is true that natives, as a group, *do* gain from immigration. Immigration, however, does more than just raise the national income which accrues to natives: immigration also induces a substantial redistribution of wealth. In particular, wealth is redistributed from native workers who compete with immigrant workers to the employers and users of immigrants services. It has been estimated that native workers, on the whole, lose about \$133 billion, or 1.9 percent of GDP in a \$7 trillion economy, when immigrants come into the country, mainly because immigrants drive down the wage of competing workers. At the same time, employers and other users of immigrant services, such as owners of large agricultural enterprises and the Zoe Baird's of the world, gain substantially. These gains are on the order of \$140 billion, or 2 percent of GDP. The net gain, therefore, is only on the order of .1 percent of GDP, or about \$7 billion.

Figure 1 Welfare Participation Rate of Immigrant and Native Groups



Households, where the head is at least 18 years old



Households, where the head is 18 to 64 years old

Source: Author's tabulations from the 1990 Public Use Sample of the U.S. Census. A household is defined to be an immigrant household if the household head is an immigrant. The household is considered to be a "refugee" household if the household head was born in one of the main refugee-sending countries (Afghanistan, Bulgaria, Cambodia, Cuba, Czechoslovakia, Ethiopia, Hungary, Laos, Poland, Romania, Thailand, the former U.S.S.R., and Vietnam).



Mr. SMITH. Thank you, Dr. Borjas.

Before we begin our round of questions, let me invite the panelists, who are going to be available for questioning after this panel, to stay at the table when we change panels. The reason for that is that even though the first panel is specifically on the impact of public benefit, there is a great deal of overlap between public benefits and jobs, and I think Dr. Borjas and Dr. Huddle are going to be able to answer questions as well.

Dr. Fix, let me direct my question to you. You seem to credit the SAVE program with an ability to prevent illegal immigrants from receiving a number of benefits to which they would otherwise not be entitled. But as I understand how the SAVE program works, it is sort of a self-proctored system, so to speak, which is to say the individual is asked whether they are a citizen or immigrant. If they answer citizen, there is no followup, no check to see if that is an accurate statement or not. So it seems to me that it is ripe for abuse by those who are willing to use fraudulent documents. Don't you think that might have an impact on the saving grace of the SAVE system?

Mr. FIX. I agree in theory because the citizenship loophole built into the SAVE system should tend to lend itself to fraud. My evidence, though, on the extent of use of public benefit programs and the effectiveness, perhaps not just of SAVE, but of the restrictions on eligibility themselves, comes not from the data on the SAVE system, but comes from quality control data by HHS on a number of their different programs. Those data reveal low uses of those programs by illegal immigrants.

The other source of information that we have on this—and as Georges Vernez has indicated, our data are not the best—WESTAT survey. The Nation ran, as you know, a major controlled experiment in the late 1980's, and the WESTAT survey did ask people who were legalizing whether they had used public benefits.

Mr. SMITH. Do you have any estimate how widespread the use of fraudulent documents is? Do you have any idea?

You may or you may not. But it seems to me we have gotten various estimates. Some people say half the illegal aliens use fraudulent documents, some people say more, some people say less.

Mr. FIX. I don't have any with me this afternoon. I know that the GAO did some calculations in 1989 or 1990.

Mr. SMITH. I read a figure, 83 percent used fraudulent Social Security numbers. That seems to me awfully high, but that was one estimate.

I think you and I agree, the point is that you are not able to adequately take into consideration the benefits that might be going to illegal aliens because of the use of fraudulent documents?

Mr. FIX. All I would say is to the extent that we do have evidence, that evidence pushes us—pushes me to a somewhat different conclusion. You have to remember that exposing oneself to a public agency is different than going to a private employer where the risks of detection are lower if you are an illegal immigrant.

Mr. SMITH. That deters some individuals from using the fraudulent documents?

Mr. FIX. Yes.

Mr. SMITH. Dr. Huddle, let me go to you and say I have heard that your studies, as you mentioned a while ago, show a combined net cost to the American taxpayer of over \$16 billion in displacement cost and cost of Federal benefits. That might be on the conservative side, because you do not take into consideration, for instance, the use of fraudulent documents by illegal aliens. Is that accurate? And are there any other reasons why those estimates might even be conservative?

Mr. HUDDLE. Yes, there are reasons why they are conservative. But because we cannot really examine all programs, there is a balance that you reach here, such as we do not include, as Dr. Borjas has said, wage depression. This, obviously, is going to affect the work and earning possibilities and the welfare thrust of many Americans who are not able to earn a living wage. So that is going to mean more costs.

But there are also revenue programs that are not taken into effect. What I have tried to do in my study is to keep a balance between the amount of revenue that we study and the amount of cost, and then see what the balance of these are, try to keep them within—we actually have more revenue sources by about 5 percent than we have cost sources.

Mr. SMITH. Do you take into consideration the unemployment compensation paid to individuals who are thought to be displaced by illegal aliens?

Mr. HUDDLE. No, that we do not. That is not something we do take into consideration.

Mr. SMITH. Do you take into consideration the cost of maintaining the infrastructure, such as highways that might be used by those individuals?

Mr. HUDDLE. No.

Mr. SMITH. OK.

Mr. HUDDLE. Not by those displaced. But we do have a separate calculation in the new study on highway taxes paid and highway use also, yes, sir, we do.

Mr. SMITH. Let me go, my time is about up, to Dr. Borjas.

Dr. Borjas, I just wanted you to speak a little bit in more detail in regard to the impact of illegal aliens on specific industries where there is the greatest problem, where perhaps there is the greatest competition for jobs with citizens and legal immigrants. Also, if you would, as a part of your answer, address perhaps in more detail the effect of illegal aliens on depressing wages that would go to American citizens and legal immigrants.

Mr. BORJAS. Can I ask you a question first?

There really is very little evidence in terms of analysis conducted in the types of industries that illegal aliens tend to go into. And so that the evidence is not as complete as census data will give you, because census data does not tell you who is legal and who is not.

There is a presumption—there is actually some weak evidence that there has been a shifting of the—of the illegal population away from agriculture into more industrial sectors, say, in southern California. For example, the garment industry or other industries of that type that use unskilled workers in southern California

and perhaps in other parts of the country, tend to be more affected by illegal immigration than would be the case for other industries.

I think as a general rule, we know that illegal immigrants tend to be less skilled than legal immigrants and much less skilled, therefore, than natives. So the basic impact, to return to your second question, the basic impact you are going to see in the labor market will be on unskilled workers themselves—unskilled natives themselves, as well as unskilled legal immigrants.

Nobody has really analyzed very carefully, again because of lack of data, precisely by how much native earnings are depressed due to the entry of illegal workers. However, if we use the overall estimates which tend to show a certain correlation between unskilled immigrants and unskilled—and unskilled natives and the earnings of unskilled natives—let me give you the overall correlation. There are some studies that tend to indicate that perhaps a third of the increase in wage inequality during the 1980's is due to the entry of unskilled workers into the country. To the extent that perhaps 10 or 20 percent of the unskilled immigrants in this country might be legal aliens, then you would take a certain percent of the third and that would be the overall impact of the illegal aliens.

Mr. SMITH. Dr. Borjas, thank you.

I would recognize the gentleman from Texas, Mr. Bryant.

Mr. BRYANT of Texas. Is it the consensus among all of you there are about 4 million illegal aliens?

Does anybody argue substantially with that estimate?

Mr. HUDDLE. I have a much higher range, up to 5.4 million. But I use both currently.

Mr. BRYANT of Texas. Anyone else?

Mr. VERNEZ. I would think that any estimate of the number of illegal immigrants is a guesstimate. We have been using, for 20 or 30 years, a magic 300,000 new illegal immigrants coming in every year. I don't think we have been able to verify that.

I would think that the true number would tend to be generally on the lower numbers than on the higher numbers. That is certainly the lesson we learned from the amnesty programs. We used very high numbers in passing the legislation and going into the program. Then the amnesty portion was fairly well managed with broad opportunities offered illegals to legalize. In the end, about 80 to 90 percent of those who were eligible did legalize. And it really represented the low estimated number at the time, 3 million or so.

Mr. BRYANT of Texas. Does everyone agree that these 4 million people are all principally people who are working with falsified documents; that is, phony documents?

Mr. FIX. I am not sure. I think that, that a large share of the illegal immigrant working population is working in the informal and not the formal sector of the economy. A lot of the employment of those illegal workers is consensual between the employer and employee, and in those cases, fraudulent documents wouldn't be necessary. I consider, for example, domestic workers.

Mr. BRYANT of Texas. Let me ask what—

Mr. BORJAS. I want to second the point Georges Vernez' made, which is most of the stuff you hear about illegal aliens and how many there are and where they are employed, are really guesstimates with a very large margin of error.

Mr. BRYANT of Texas. Let me ask this question which is probably a wilder guess. How many of them are employable and how many of them are kids or else very old people?

Mr. PASSEL. There is some new information that has become available. Also, I would take issue about the guesswork nature of the estimates. There are analytically based estimates. The 4 million figure is based largely on matching entry and departure forms at INS. Therefore, a big part of it is not a guess—a big part of it is based on matching forms.

And I would reiterate Dr. Vernez' point, is that the empirical estimates have tended to be lower than the speculative estimates. When we had a chance to validate the estimates they supported the lower empirically based estimates rather than the higher ones.

We have seen some evidence that there is a change in the nature of the flow—particularly from Mexico, that there is a higher proportion of children and a higher proportion of women coming as part of the undocumented flow.

Mr. BRYANT of Texas. What I am trying to get down to is what is the size of the illegal alien work force. That is what I am working toward.

Mr. PASSEL. Well, there are very few elderly. We can start there. Most of the numbers point to less than 10 percent of the population even over 40. So we are probably talking on the order of 60 percent of the population is the work force.

Mr. BRYANT of Texas. So 60 percent, let's say, take Dr. Huddle's figure of 5, is 3 million, right, 3 million in the country.

Mr. HUDDLE. You use 5.4, you get over 3 million. You use 4 million, you get substantially less.

Mr. BRYANT of Texas. Let's just say 3 million for starters. You guys are experts in economics here. What impact do 3 million people have on the work force of the whole United States? How big of an impact can they have under the worst circumstances?

Mr. HUDDLE. Well, under the worst, when you are in recession, it can be an extremely large impact because that is, according to my four studies, when you have much larger displacement factors during recession times because many more domestic workers are willing to take jobs that they wouldn't otherwise take at that time. But during good times, the impact is much less. We are using a 25-percent displacement rate, which is the lowest of the four studies that we have.

Mr. BRYANT of Texas. Well, would you say it is at least moderately good times right now?

Mr. HUDDLE. Yes.

Mr. BRYANT of Texas. So characterize the impact it would have in this situation.

Mr. HUDDLE. Well, again we used—in terms of illegal immigration, we had the \$3.6, \$4.8 billion, depending upon the original population, using labor participation rates that aren't too different than what we discussed earlier. And that is the cost, just not the private cost, to the native-born labor cost for the wage-depression cost, which Dr. Borjas has emphasized. There is the displacement percent, which is the only thing my study has estimated.

Mr. BRYANT of Texas. We are talking seriously about implementing a policy that you cannot falsify documents. Would you agree

that if false documents were the principal means of getting work, that it would at least address half of the problem? You mentioned many are in the informal work force. Would you say half?

Mr. HUDDLE. I can tell you from my own surveys in metropolitan Houston, that would be correct, yes. And the others, many of the others are independent contractors who are working in the formal sector but working very informally in construction and related industries, because the whole industry has totally shifted the way it operates today as compared to say 10 or 15 years ago.

Mr. BRYANT of Texas. OK. So about half the work force would be subject to this system we are talking about implementing. The other half would not be caught and deported, except accidentally, I assume, because there isn't any way to get them. They are just out there moving around, would you agree?

Mr. HUDDLE. Unless you tightened up in these other industries, that would be correct. Right now, certainly contract residential and commercial construction is pretty much totally out of control in this regard.

Mr. BRYANT of Texas. That would be a significant law enforcement burden.

Mr. HUDDLE. You would have to make some real changes. They wouldn't all be law enforcement changes, however.

Mr. BRYANT of Texas. We are focusing here, at least in the long term here, on about half of the illegal work force. My question is, was both what I asked a moment ago, that is, what impact can that really have on the country? And the other is the reverse; that is, suppose we succeed and we get that many illegal aliens out of the country for a period, what impact would that have?

Mr. HUDDLE. We are talking about—well, the obvious impacts are much less displacement, rising wages at the unskilled level and much less in terms of public assistance costs of all kinds.

Mr. BRYANT of Texas. So it is all positive.

Mr. HUDDLE. Well, there are going to be the cost of enforcement, certainly. There will be less benefit to private industry than there is right now.

Mr. BRYANT of Texas. That is what I am asking the bottom line. Is it all positive?

Mr. PASSEL. If we focus on these cost studies, most of the cost studies use what we call average costs. You figure out how many undocumented children there are and figure out the cost per child, the average cost per child. Multiply those two, and that is your estimated cost. That cost doesn't mean that if you get those kids out of the school, you will be able to save that amount of money. You may—you may not.

It involves, then, firing some teachers, firing some principals, reducing the size of the system. In a lot of places, it may involve hardly any savings at all, depending on the proportion of students who are undocumented in the school, for example.

Mr. SMITH. Let me interrupt you. We are going to need to go vote, and I understand we may have more than one vote.

So I ask the panel to stay. We appreciate your patience.

And we will recess until about 5 minutes after the last vote.

[Recess.]

Mr. SMITH. The Subcommittee on Immigration and Claims will reconvene.

What I would like to do is to go on to the next panel, but ask those individuals who are members of the present panel and who would be willing to answer questions about the impact of illegal aliens on the labor force, to stay if they would. The others are excused. They are welcome to stay if they would like to, as well. But I think we will move on to the next panel.

As they are coming forward, let me introduce them. First Dr. Joseph Altonji, from Northwestern University; Dr. B. Lindsay Lowell; and Dr. Vernon Briggs, Jr., of Cornell University.

We welcome you all. And again without objection, your full statement will be made a part of the record. We do look forward to hearing from you and your trying to keep your remarks within the 5 minutes.

Dr. Altonji, we will start with you.

Is that a fair approximation of the pronunciation of your name?

**STATEMENT OF JOSEPH G. ALTONJI, CENTER FOR URBAN AFFAIRS AND POLICY RESEARCH AND DEPARTMENT OF ECONOMICS, NORTHWESTERN UNIVERSITY**

Mr. ALTONJI. That is good. One of these immigrant names.

Mr. SMITH. Well, we won't take that as a bias.

Mr. ALTONJI. Mr. Chairman, it is an honor to have an opportunity to present my views on the effects of immigration on low-wage, native-born Americans.

I have three main points: First, economic theory and common sense suggests that since immigrants are not heavily concentrated in the industries employing lower-wage natives, moderate immigrant flows will have only modest effects on these groups.

Second, studies that relate differences across cities in the flow of immigrants to wages and employment of lower-waged natives do suggest some negative impact of immigration.

Third, the *Marinel* boatlift experience suggests that the consequences of even large amounts of less-skilled immigration are small.

My conclusion is that immigration has had a modest negative impact on less-skilled natives.

Let me just say that most of the evidence that I am going to present is about immigrants as a whole. There is very little evidence, unfortunately, that focuses on the effects of illegal immigrants.

My first point concerns the extent to which immigrants are in competition with less-educated blacks and whites. This question is important, because to the extent that immigrants are a mirror of the U.S. population, immigrant flows simply make the economy bigger.

However, if most immigrants are unskilled, then they may crowd the industries and occupations employing less-skilled natives and lower the wages and employment of these groups. The evidence for 1970 and 1980 suggests that an increase in immigrants equal to 1 percent of a city's population translates only into about a 1-percent increase in the labor supplied to the industries that employ lower-waged natives.

There was little change between 1970 and 1980 in this, and the situation was not worse in the cities with the highest percentage of less-skilled immigrants. I suspect that the situation has worsened during the 1980's, but the available evidence implies competition from immigrants in the labor market is not particularly focused on less-educated men and women, whether white or black.

I now turn to studies that directly examine whether changes over time in wages of natives are affected by the percentage of the population in a city who are immigrants. A study by Roberte LaLonde and Robert Topel of the University of Chicago groups immigrants according to age and years since arrival into the United States.

They estimate the effects of the different immigrant cohorts on each other. Generally, they find small to modest effects. They provide evidence based on a cross section of cities in 1980, that the effects of immigration on the wages of young blacks and young native Hispanics are small.

My work with David Card examines the relationship across cities between the change in the fraction of immigrants between 1970 and 1980 and the change in the wages and employment of groups of low-waged natives. During that period, immigrants increased from 6.2 to 7.9 percent of the population.

Our largest estimate, which a priori would have been our preferred estimate, implies that this led to a 2-percent reduction in the wages of less-skilled natives. Even our largest set of estimates, which is among the largest in the literature, implies that the overall effects of immigration on the wages of less-skilled groups is only modest.

Furthermore, I wish to emphasize that our evidence that immigration lowers the wages of less-skilled groups is counterbalanced by the fact that we found some positive or mixed evidence on the effects of immigration on employment.

All this evidence is based on data for 1970 and 1980. A preliminary study of a cross section of cities in 1990 suggests that the effects of immigration are relatively small.

The *Marisel* boatlift increased Miami's labor force by 7 percent over a period of a few months. On a national level, this is like doubling the population of immigrants that we had in 1980.

Most of the Cuban immigrants were unskilled. A careful study of the impact of this found almost no effects on the wages and employment of black workers between 1980 and 1985. The *Marisel* boatlift experience suggests that even large numbers of less-skilled immigrants have only modest effects upon natives.

Together, I think that the evidence suggests that immigration in the amounts that occurred during the 1970's and 1980's had only a modest effect on the lower-wage workers. At the same time, one cannot rule out substantial effects on wages of less-skilled natives in particular cities, particularly border cities.

There is enough variability among the studies that I would not rule out the possibility that immigration of the amount in the 1980's lowered wages of less-skilled workers by 2 percent. But in my view, the key issue for policy is not how immigration, even illegal immigration, is affecting a specific group of workers. The key issue is how the number and the skill composition of immigrants is affecting the average skill level of the U.S. labor force today and

in the years to come, and how it is affecting the number of people in poverty, the number of very low-wage workers in this country.

Thank you very much.

Mr. SMITH. Thank you.

[The prepared statement of Mr. Altonji follows:]

PREPARED STATEMENT OF JOSEPH G. ALTONJI, CENTER FOR URBAN AFFAIRS AND POLICY RESEARCH AND DEPARTMENT OF ECONOMICS, NORTHWESTERN UNIVERSITY

I summarize evidence on the effects of immigration, particularly immigration by less skilled workers, on low wage workers and make three main points.

First, economic theory and common sense suggests that moderate immigrant flows will adversely affect low wage natives only if the immigrants are heavily concentrated in the types of jobs the natives hold. The evidence is that immigrants are not heavily concentrated in the industries employing less educated natives. Second, I discuss studies that relate differences across cities in the flow of immigrants to the wages and employment of low wage natives. They suggest some negative impact of immigration on these groups. Third, the *Marief* boatlift experience suggests that the consequences of even large amounts of less skilled immigrants are small.

I draw two conclusions from the research. First, simple economic reasoning and the fact that immigrants are spread out over the labor market rule out a large effect of immigration on the wages and employment of low wage workers. Second, immigration probably does have a modest negative impact on these workers.

Mr. SMITH. Dr. Lowell.

#### STATEMENT OF B. LINDSAY LOWELL, DEMOGRAPHER, UNIVERSITY OF TEXAS IN AUSTIN

Mr. LOWELL. Thank you, good afternoon.

My statement today deals primarily with research I conducted in the mid-1980's with a team of demographers and economists at the University of Texas in Austin. The opinions I have are solely my own.

Our research focused on the impact of Mexican illegal aliens on Southwestern labor markets in 1980. The data indicate that illegal aliens have a rather small impact on the earnings of U.S. workers. This finding is consistent, as we just heard, with both statistical research on legal immigrants as well as the results of many case studies.

It is my opinion that this type of analysis yields meaningful conclusions about the average national wage effects of illegal migration. It does not imply, however, that there are no effects on specific skill groups, occupations, industries, or geographic areas.

There are three sections to my statement: First, I discuss briefly our estimation technique. We derived demographic estimates of the illegal population by subtracting from the census enumeration of all aliens the then-existing INS register of legal aliens. The total minus the legal left us the illegal. It was a little bit more complicated than that, and Jeff Passel who is here can address the technique in depth. But it was a rather robust estimate and technical checks indicate that at least two-thirds of all illegals were captured.

Those numbers, estimates of the illegal population by labor markets, were married to 1980 census data on individuals and we conducted what economists call a production function model. As economic actors, how do employers mix different labor inputs into the system? We measured, as the previous research, the statistical effect between the relationship of the relative numbers of undocumented workers and the wages of native workers.



Our findings were that there were small impacts overall. The legal Mexican labor force seemed to be not affected. The black population seemed to be somewhat moderately negatively affected by undocumented Mexicans. And we found interestingly enough a positive effect of illegal Mexicans on the white population. For example, a 10-percent increase in the flow of illegal Mexican aliens would reduce the black population's average wage by one-tenth of 1 percent; a very small impact.

Furthermore, we found that our findings seemed to support the view that illegal aliens work in jobs that others disdain, so there is no direct competition with native workers.

Other research using these kinds of measures and other proxies, about a half dozen pieces of research all together replicate the small impact findings, although sometimes with different signs and they also look at different outcomes.

Second, I address some of the technical critiques of this particular method of analysis. There are several reasons why these empirical findings are sound and they are also relevant today. In the first place, research using the 1990 census has replicated the small impact finding for all legal immigrants. There are two studies that use proxies for illegal aliens, or an illegal-like population, namely the legalized population of IRCA. Those two studies also find very small impacts of that population in 1991. So I believe the small impacts findings still holds today.

Also, there are some who argue that natives are voting with their feet and this arbitrages out or minimizes our ability to detect wage impacts. I don't believe this really can argue away the small impacts finding. My reading of the literature is that it is somewhat inconclusive in terms of the impact of immigrants on the out-migration of natives. And furthermore, in a dynamic equilibrium system we should be able to detect impacts because immigrants have been entering the United States for over two decades.

And, we do find large impacts with this methodology. We find that the biggest impact is of immigrant on immigrant. An influential study reviewing the literature found that a 10-percent increase in immigration results in 2- to 9-percent decrease in the average wage of the foreign-born in the United States. We expect immigrants to compete with immigrants, and they do, and we measure it with this model. We don't find large impacts on natives empirically.

Third, I believe that rather than dismissing the small impacts finding, we need to place it in context. It shouldn't be a surprise that aggregate national effects are small.

As was earlier noted, immigrants are a small portion of the overall labor force. In any economic system, marginal effects of a small percentage can be rather large. So that alone doesn't explain it away, but, in fact, we should expect possibly larger effects in certain low-skilled sectors of the economy and research has just begun on that, some of which was referred to earlier by Mr. Borjas.

I have two further points, one of which is the true economic immigrants, legal and illegal, traces out through a complex set of outcomes and cannot be gauged only by examining wage or fiscal effects in isolation. This is the so-called net effect through many channels of influence. Michael Greenwood has been doing research

in this area and it is a more complex modeling system with multiple inputs and multiple outcomes. And this is where we should be turning some of our attention.

Finally, in terms of national average effects, we know that immigrants concentrate in a few cities and I believe what is required is creative Federal-State policymaking in the arena of immigration. We know that national level empirical studies may be fine for setting Federal goals or national level policy for immigration, but it doesn't necessarily reflect local realities and it raises somewhat of a problem for researchers.

How can national-level policy be based upon local level effects? Who will pick the locales that matter? How will policymakers and researchers add up local effects? In addressing this, in my opinion, although we know that local effects and effects on low-skilled workers are larger, there remains far too little systematic research to accurately gauge those wage impacts and labor force impacts to date.

Mr. SMITH. Thank you.

[The prepared statement of Mr. Lowell follows:]

PREPARED STATEMENT OF B. LINDSAY LOWELL, DEMOGRAPHER, UNIVERSITY OF  
TEXAS AT AUSTIN

There has been great concern with the impact of immigrants on the earnings of U.S. workers: illegal aliens particularly are often assumed to have a sizable adverse impact. In this statement, I first review my work with Professor Frank Bean on the impact of illegal alien workers, then I discuss my own opinions regarding relevant work on this type of analysis.

Our research focuses on the impact of Mexican illegal aliens on Southwestern labor markets in 1980. **The data indicate that illegal aliens have a rather *small impact***, either negative or positive, on the earnings of U.S. workers. This finding is consistent with both statistical research on legal immigrants, as well as many case studies. It is my opinion that this type of analysis yields **meaningful conclusions about the averaged national wage effects of illegal immigration**. It does not imply, however, that there are no effects on specific skill groups or occupations, industries, or geographic areas.

This statement is based upon research conducted at the University of Texas in the mid-1980s prior to my current employment with the U.S. Government. All opinions given here are mine and are not necessarily those of the Administration. Any conclusions drawn from my statement should not be associated with the U.S. Department of Labor or this Administration.

## **SMALL IMPACTS OF MEXICAN ILLEGAL WORKERS ON U.S. WORKERS**

Our research team was comprised of demographers and economists (see Bean, Lowell and Taylor 1987, 1988a, 1988b). There are two important components of the analysis.

Solid estimates of illegal Mexicans for metropolitan areas were derived using demographic techniques (see Warren and Passel 1987). At that time the INS had a register of legal aliens in the U.S., this number was subtracted from the Census enumeration of all aliens and, thus, those leftover were illegal aliens. Technical checks indicate that this residual count of illegals captured well over two-thirds of all illegals living in the U.S. Subsequent estimates have never been as robust as the 1980 estimates.

The measure of impact focused on what economists refer to as the production system. As economic actors, how do employers mix various combinations of workers and capital in producing goods for sale? Do immigrants "complement" U.S. workers and raise the average domestic workers' wage, or are immigrants "substituted" for domestic workers and decrease the average wage? In essence, the statistical analysis measures the effect of the relative numbers of illegal aliens in labor markets upon the average wage of other workers.<sup>1</sup> Fortunately, a sizable body of literature uses the same methodology with other immigrant groupings and allows us to compare our results.

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<sup>1</sup>Technically this is a Leontief production function where cross-group effects are constrained to be the same and the labor inputs are corrected for endogeneity. More general specifications find the same "small impact" result.

The statistical results indicate that (Bean, Telles and Lowell 1987, p. 684):

- "Undocumented workers are found to exert little impact on the earnings of individuals in each of five other labor force groups<sup>2</sup>.... The earnings of black as well as native Mexican workers do not appear to be significantly affected by the relative numbers of undocumented workers in local labor markets." Effects on white earnings are also small although, "interestingly the direction of the effect is positive."
- Furthermore, "...the findings of small complementarities between undocumented Mexicans and some other groups, together with the finding of small substitutions between legal immigrants and some groups, are more consistent with the argument that undocumented may hold jobs that others disdain than they are with the view that undocumented compete with natives and (especially) minorities for jobs and wages."

Other research on illegal aliens, using varied statistical specifications and labor market outcomes, replicate the basic "small impacts" findings. Like the larger body of research on U.S. immigrants, the literature on illegals has satisfied one of the basic canons of

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<sup>2</sup>The groups are: legal Mexican-immigrant males, Mexican-native males, black males, white males, and all females. The magnitude of effects are very small with a 10% increase in wages having either no statistically significant effect or, for example, increasing white male wages by at most 1/10th of 1%.

empirical inquiry--consistent and replicable findings (Grossman 1984; Bean, Baker and Lowell 1987; Taylor et al. 1988; Winegarden and Khor 1991; DeFreitas 1988).

### TECHNICAL CRITIQUES OF AGGREGATED CROSS-SECTIONAL ANALYSES

There are several reasons why these empirical findings are sound. Yet, some observers simply refuse to believe the result of "small impacts," while others question whether or not this particular methodology can actually detect the wage effects of immigration. Finally, there are good reasons to think that illegal aliens continue to have only small impacts today.

- (1) Research results for immigrants using the 1990 Census replicate the "small impacts" findings of the 1980 Census, and it is likely that the average wage impact of illegal aliens has not changed markedly.

Enchautegui (1994a; 1994b) conducts an analysis of census data to address whether or not the 1980s immigration stream had a more deleterious impact than the 1970s. The findings indicate that immigration's impact did not increase, rather the degree of impact is the same in 1990 as in 1980. Again, the general analytic method and findings here parallel those of our study of illegal aliens.

Studies of the wage impact of IRCA's newly legalized workers, who had the characteristics of illegal aliens at the time of legalization, supports the notion of continuing small impacts as of 1990.<sup>3</sup> These studies found small impacts of these illegal-like workers on the average metropolitan wages of U.S. workers through 1991 (Fry, Lowell and Haghighat 1995; Cobb-Clark, Shiells and Lowell 1995).

- (2) Some research indicates that natives migrate from or avoid cities of immigrant concentration, but this doesn't really explain away the "small impacts" finding.

Primarily this is because there has been a continuous supply of immigrants to U.S. labor markets and, therefore, we must expect that a cross-sectional analysis will pick-up wage effects (Greenwood and McDowell 1993). Secondly, this body of work measures migration effects, it does not tap labor market competition.

Finally, this is a new avenue of inquiry and the predominance of findings indicate that immigrant impacts on native mobility are actually small. (Greenwood and Hunt 1984; Enchautegui 1992; Ellis and Barff 1995; Walker, Ellis, and Barff 1992; Filer 1991; White and Hunter 1993; White and Imai 1994; Frey 1994a, 1994b, 1995a, 1995b).

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<sup>3</sup>During 1987 and 1988 the Immigration Reform and Control Act of 1986 (IRCA) legalized some 1.7 million previously illegal aliens who had entered the U.S. prior to 1982.

- (3) It is unreasonable to dismiss the analytic method because it finds "small impacts" on natives when, in fact, the method reliably detects large impacts where theory leads us to expect them.<sup>4</sup> As an influential review of the literature concluded (Borjas and Tienda 1987, p. 6): "The one group of workers that is strongly and negatively affected by an increased supply of new immigrants is the stock of foreign workers already in the United States." In short, the analytic method detects large impacts for immigrant groups that are known to compete, while at the same time indicating that there is little empirical evidence of substantial immigrant/native competition.

#### **FURTHER INTERPRETATION: NATIONAL VERSUS LOCAL EFFECTS**

It would be counterproductive to dismiss the "small impacts" found in aggregate-statistical research on legal and illegal immigrants. Rather, it is preferable to place that finding in context.

- (1) It should not be surprising that aggregate or national wage effects are small. The analytic method we have used to date averages effects over many labor markets which, especially in the large and dynamic U.S. economy, minimizes the impact of

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<sup>4</sup>It is expected that workers with the same skills and/or characteristics will compete with each other, also known as the own-group effect. Borjas and Tienda (1987, p.647) report that a 10% increase in the number of new immigrants reduces the average wage of resident workers by a sizable 2% to 9%. Our findings on illegal aliens finds an own-group effect at the lower end of that range.



a supply of immigrant workers (legal and illegal) who are less than one tenth of the labor force. Of course, these small average effects do not necessarily "represent what actually happens in the labor market... [immigrants will have a] significantly larger impact on native workers in the few labor markets where foreign workers are disproportionately concentrated" (Borjas and Tienda 1987, p. 647). Furthermore, it will be a subset of certain low-skilled workers in specific industries that may be most impacted (Borjas and Ramey 1993, 1994).

- (2) The true economic impact of immigrants, illegal and legal, traces out through a complex set of outcomes: it cannot be gauged by simply examining wage or fiscal effects in isolation. The foreign born can have indirect and cumulative effects on the domestic labor force through a number of other mechanisms (Greenwood 1994).<sup>5</sup> Teasing out these many impacts and estimating their net or overall effect, is an analytic exercise that has only just begun (Greenwood and Hunt 1993). Policymakers may need to address the direct impacts of illegal immigrants on, for example, various government services. Yet, they should note that illegal aliens may have offsetting effects on productivity, labor costs, etc., that add up to small overall effects on the U.S. economy.

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<sup>5</sup>Among the many avenues of impact are local demand for final goods and services (including that generated by immigrant wealth), indirect and induced demands for factors of production, demand for fixed capital (e.g., housing) and land, technological change, scale and agglomeration economies, unemployment, labor force participation, inflation, balance of payments, regional and national net exports, internal migration, remittances, public goods and services, externalities, and fertility patterns (Greenwood 1994).

(3) The aggregate results indicate that both adverse and favorable effects are geographically and industrially restricted. Immigrants are known to concentrate in a few cities and States, to further concentrate in certain sectors of the economy and in certain types of jobs, and their integration into the labor market makes for unique effects in specific locales.

- Federal legislators have recently recognized that national immigration policy, informed by national-level empirical studies, may not reflect local realities. Addressing this divergence will require creative thinking on Federal/State relationships in the arena of immigration policymaking.
- Indeed, can national-level policy be made based upon local level effects? Who will pick the locales that matter? How will policymakers and researchers add up local effects?
- There has been and remains a lacunae in the research agenda: a *body of systematic empirical* work on "localized" or "niche" impacts does not exist.<sup>6</sup>

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<sup>6</sup>Of course, there have been many case studies of locales and specific industries (Greenwood and Hunt 1990; Papademetriou et al. 1989). However, these have not to date provided a replicable and quantitative assessment of illegal alien impacts that would permit policymakers to target say "illegal aliens in such and such a State and economic sector." What is more, a thorough examination of the case-study literature shows that many such studies find little impact, and oftentimes favorable impacts, of illegal aliens (Bean, Telles and Lowell 1988b). And the few quantitative and systematic citywide studies, in New York City and Los Angeles, do not find evidence that immigrants have clear-cut adverse impacts on the labor market (Papademetriou et al. 1989).

It will be difficult to address the possibly substantial local wage effects of immigrants in lieu of systematic and quantitative research on localities.

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Mr. SMITH. Dr. Briggs.

**STATEMENT OF VERNON M. BRIGGS, JR., CORNELL  
UNIVERSITY**

Mr. BRIGGS. Thank you, Mr. Chairman.

As has been discussed earlier, I am going to try to keep most of my remarks to illegal immigration. The indications are that the illegal immigration population is substantial and it is continuing to grow, but we do not know the precise numbers. Every indication is that it is large and there is a trend toward increasing numbers. And as long as the policy is permissive, I think the indications from events around the world are that those numbers will continue to grow.

Those groups that have specifically studied illegal immigration, such as the Commission on Agricultural Workers and the U.S. Commission on Immigration Reform in their recent reports have drawn strong conclusions about the adverse effect of illegal immigrants on the labor force of the United States.

I think it is clear that the labor market is the primary deciding factor in this immigration flow. People come here for other reasons, but it is primarily to work. The critical question then in looking at illegal immigration, in my view, is not just the sheer numbers or the breaking of the law, it is the actual impact issue. Who is it that is bearing the brunt of their competition? Who is it that is not bearing the academic costs, but the real costs of competing with illegal immigrants? And I believe that is the low-skilled workers of the United States.

All the studies that have been done that have focused on illegal immigration, and there are not many, but there are some good ones around, have indicated that most of the illegal immigrants have low levels of education, low levels of skill, many are non-English speaking and, therefore, lack human capital. They are primarily to be found in the secondary labor market of the U.S. economy.

That economy, that secondary labor market also tends to have quite a few citizens in it. Estimates are as many as a quarter to a third of the labor force in the United States are in those secondary, low-skilled types of occupations.

The 1990 census data that shows that 25 percent of the adult foreign-born population of the United States have less than a ninth grade education, and 41 percent of the adult foreign-born population, persons over 25, have less than a high school diploma. When you are talking numbers that large it has to be the low-skilled section of the labor market that is bearing the competition. Those numbers are enormous.

If there is a problem with the econometrics finding it, the problem is with the econometrics and not the issue itself. You cannot have these numbers this large and have the concentrations geographically and occupationally and not have an adverse impact. It is hard to find the smoking gun. I admit that. But when you are talking about these large numbers, it is the only logical conclusion that those people are likely to be in that secondary low-skilled labor market.

We have enormous research on what has been happening to that market. Low-skilled occupations did not increase in the 1980's; they

were the worst effected by the recession in the 1990's; and the slowest coming out of the recession. So it is the low-skilled workers of the United States, citizens and permit resident aliens, who bear the brunt of this competition. And I believe it is largely to be adverse.

I think—I show you some data about unemployment rates and the relationship between unemployment and educational attainment in my formal statement—that there are large numbers of citizens who are losing that struggle to compete with the illegal aliens for jobs where they are, in fact, competing.

I think it is important to point out that it is not just wage issues that are at stake, but it is opportunities to have jobs. Low-skilled jobs do play an important role as we do have a job hierarchy in the United States.

If you have high-skilled jobs, you are also going to have low-skilled jobs by definition. The low-skilled jobs are vital to young people, unskilled persons trying to get a foothold in the labor market to move up.

We talk about the need for welfare reform in the United States and the need to create jobs for people and get them off of welfare. You better be talking about where the jobs for these people are to be found.

Also, low-skilled jobs tend to provide opportunities for families to have multiple wage earners in such occupations that can give collectively an amount of income that can help a low-income family do better than being on welfare or food stamps.

Who has access to these low-skilled jobs is vital. What the magnitude of illegal immigrants in these jobs is, I will not pretend to say. I think it is substantial.

I think that the low-skilled workers of the United States are bearing the brunt of this impact of illegal immigrants and I think it should be a subject of major national concern. Because it is the most needy, the people who need government protection the most, who are in need of immigration reform. This Government ought to have an immigration policy that is enforceable. I don't think that is a radical doctrine.

This issue is not benign to needy people who are bearing the brunt of whatever adverse effects there are. If there are adverse effects, it is the low-skilled population that is bearing them, and we ought to be concerned about them.

[The prepared statement of Mr. Briggs follows:]



## PREPARED STATEMENT OF VERNON M. BRIGGS, JR., CORNELL UNIVERSITY

Despite the adoption of deterrent legislation in 1986, illegal immigration continues to be an extensive problem for the U.S. economy and its work force. Apprehensions by immigration officials are at levels that approximate those occurring at the time of the enactment of the Immigration Reform and Control Act (IRCA). They have totalled over one million apprehensions each year since 1990.<sup>1</sup> In 1992, the Bureau of the Census doubled its previous statistical estimate of the annual number of uncounted illegal immigrants entering the United States each year that it uses for its annual population projections to 200,000 a year. This adjustment was long overdue. Indeed, the Bureau of Labor Statistics of the U.S. Department of Labor began chiding the Census Bureau in 1989 that there has been a "rather strong indication of an upsurge in illegal immigration in the mid-1980s [that] has not yet been taken into account in constructing the official population estimates for the Nation."<sup>2</sup> But even this 1992 adjustment is probably too conservative to be used in 1995. Indeed, in 1994, the U.S. Immigration and Naturalization Service (INS) suggested that the annual flow figure could be as high as 300,000 illegal immigrants.<sup>3</sup>

As for the accumulated stock of illegal immigrants, the latest published estimate (in 1994) by the INS placed the number at 3.4 million illegal immigrants in the country as of October 1992.<sup>4</sup> Adding the conservative estimate of the annual flow at 200,000 a year would mean that in 1995 the number should be in the area of 4 million persons. In the past, all official estimates of the stock and flow of illegal immigrants have tended to be on the conservative side. Hence, the probable number of illegal immigrants is in excess of 4 million persons as of mid-1995. With the current political and economic instability in Mexico, these numbers could easily soar above these estimates this year. Indeed, it is reported that Clinton Administration used a figure of a possible increase of illegal immigration to as high as 500,000 persons a year from Mexico alone if the U.S.-funded bailout to support the Mexican peso was not enacted.<sup>5</sup> It still could happen.

The point is that the number of illegal immigrants is large and it is increasing. Clearly, the problem of illegal immigration was not resolved by the passage of IRCA in 1986. Indeed, the Report of the U.S. Commission on Agricultural Workers to Congress in late 1992 -- which documented the devastating effects that illegal immigration has exerted on the economic welfare of what remains of the nation's citizen agricultural labor force -- stated that since 1986 "illegal immigration has continued and the work force in many parts of the country now includes proportions of unauthorized workers that rival those of a decade ago."<sup>6</sup> Likewise, the interim report of the U.S. Commission on Immigration issued in September 1994 stated, with respect to the current state of the nation's immigration policy,

that "the immediate need is more effective prevention and deterrence of unlawful immigration."<sup>7</sup>

### The Labor Market Impact

It has long been conceded that the driving force behind illegal immigration is access to the U.S. labor market. To be sure there are some persons who enter illegally for the purpose of criminal activity; there are some who are attracted by the possibility of going on public welfare if they can find a way to do it; and there are some who enter as vagrants. Likewise, there are powerful "push" factors involved in the process -- such as excessive population pressures, high unemployment, widespread underemployment, pervasive poverty, civil strife, and human rights abuses in the sending countries. Nevertheless, it is access to the labor market that appears to be the dominant factor that drives the process. If U.S. policies are permissive or unenforced, more illegal immigrants will seek to enter and more will be successful in their quests. The issue of illegal immigration, however, is more than one of sheer numbers or of violation of law *per se*. It also involves the question of unequal impact in terms of which segment of the U.S. labor force must actually compete with the illegal immigrants for jobs and income opportunities.

Every study of illegal immigration of which I am aware has concluded that it is the low skilled sector of the U.S. labor force that bases the brunt of the economic burden. For illegal immigrants are overwhelmingly found in the secondary labor market of the U.S. economy. This segment of the labor market is characterized by jobs that require little in the way of skill to do them and the workers have little in the way of human capital to offer. The concentration of illegals in the secondary labor market occurs because most of the illegal immigrants themselves are unskilled, poorly educated, and non-English speaking which restricts the range of jobs for which they can seek. Also, if by chance the illegal immigrants are skilled, educated, and able to speak English, they are usually precluded from using their credentials due to their illegal status so they too are typically restricted to the secondary labor market.

Although occupational definitions vary, it can be crudely estimated that about one quarter to one-third the U.S. labor force are employed in jobs that are predominately concentrated in the secondary labor market. This high percentage certainly belies the claim that U.S. citizens and resident aliens will not work in these low skilled occupations.

The key characteristic of those who work in the secondary labor market is that most lack human capital attributes needed to qualify for better jobs. There is a direct relationship between low levels of educational attainment and unemployment (see Chart 1). As we know from the 1990 Census, 25 percent of the adult foreign born population (those over the age of 25) had less than a 9th grade education (compared to 10 percent of the native born) and 41 percent of the adult foreign born had less than a 12th grade education (compared to 23 percent, of the native born). It is highly likely that a substantial proportion of the adult foreign born population with less than 12 years of education are illegal

immigrants. It is manifestly clear, therefore, that it is the less skilled citizen and resident alien workers who carry the competitive burden with low skilled immigrants in general and with illegal immigrants in particular for the unskilled jobs that are available.

It is also the case, unfortunately, that low skilled jobs have been the most adversely affected by the advances in technology; by the opening of the U.S. economy to increased foreign competition; and by the flight of labor intensive industries to offshore production sites during the past two decades.<sup>8</sup> There was virtually no growth in the number of low skilled jobs in the U.S. economy during the 1980s; these jobs were the most heavily impacted by the recession of the early 1990s; and they have been among the slowest to respond during the recovery of the mid-1990s.<sup>9</sup>

It is not surprising, therefore, to find that not only is unemployment the highest for the lowest skilled segment of the U.S. labor force but that their real wages since 1973 have fallen the farthest of all among the U.S. labor force.<sup>10</sup> These are both signs of surplus labor in this segment of the labor force. There is certainly no indication of any present-day shortage of unskilled workers in the U.S. economy nor, with an estimated 27 million adult illiterates in the population, any prospect of one on the horizon. In fact, the major domestic economic problem the nation faces is that the number of unskilled jobs is declining more rapidly than is the number of unskilled job seekers.

#### Concluding Observations

In a free labor market of any nation state, there is nothing that says that certain types of jobs that are crucial to the performance of certain industries in its economy must be poorly paid. The normal operation of supply and demand forces should see to it that important and useful work is enumerated at levels that will compete with job alternatives. Or, if such work becomes too costly, employers may either improve efficiency by improving management skills or by substituting cheaper capital intensive technologies for labor. But this paradigm is usually described in terms of a national economy in which the size of the labor pool is fixed in the short run.

Once illegal immigrants are added as an on-going supplier of workers to a particular segment of a nation's urban and rural labor markets, the dynamics change. The supply of labor increases and it may even appear to employers that the supply of unskilled labor is infinite at almost any legal wage rate. In these circumstances, the addition of unskilled workers from Third World backgrounds into low wage labor markets can have devastating effects on the employment opportunities and working conditions for native born and resident alien job seekers. For such immigrants will often do whatever it takes to survive. They will work multiple jobs, double or triple up families in housing, and work in violation of child labor laws and other employment standards. Literally speaking, no citizen or permanent resident alien can compete with such workers. The presence of such immigrant labor exerts a narcotic effect on employers in low wage industries. They become addicted to their presence. They often come to prefer them to citizen and resident alien workers. It is not

long before they become convinced that citizens and permanent resident aliens will no longer do this type of work. But it is the presence of substantial numbers of unskilled illegal immigrant in these low wage labor markets that makes these conclusions by employers little more than self-fulfilling prophecies.

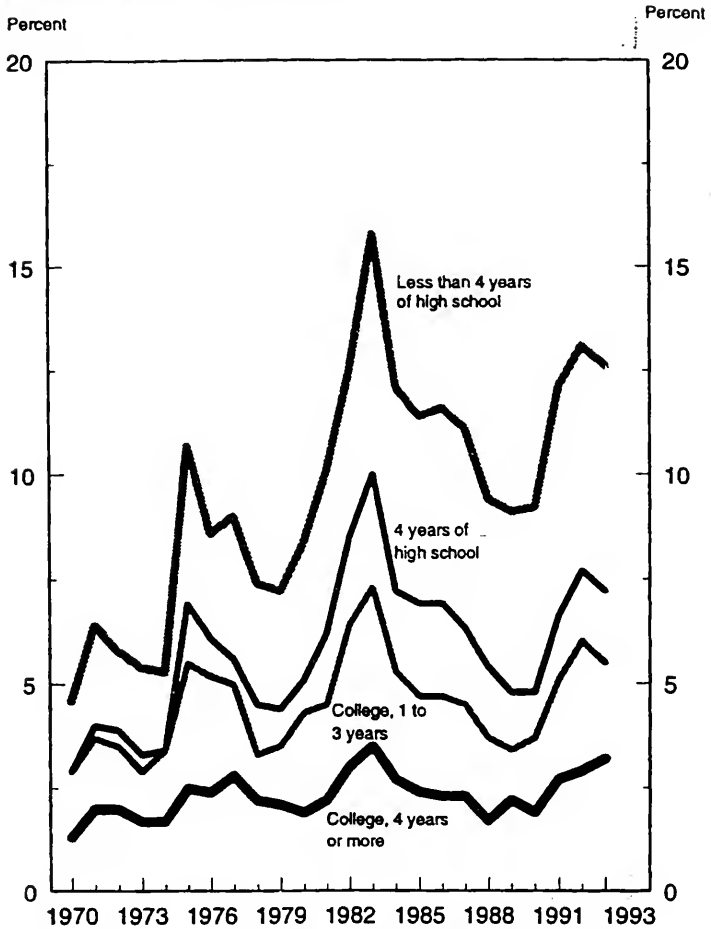
Without the additional presence of these unskilled immigrant, the existence of low skilled jobs means that native born workers and resident aliens must be attracted to them by being offered competitive wages and benefits. But aside from economic rewards, there is also the issue of employment itself. For within the economy, these low skilled jobs have a useful role to play. They provide entry opportunities to workers who lack sufficient education and training to qualify for better jobs. In so doing, they provide valuable work experience to such persons in the form of on-the-job learning -- which is itself a type of human capital acquisition. Simply by having access to a job, the job holder is often placed into a job information network within the enterprise and among co-workers with family and friend connections in other enterprises as well. Moreover, even in those circumstances where the specific jobs are dead-end with respect to promotion opportunities, these jobs can still have other social value. In the case of low income families, for instance, they afford opportunities for multiple members of the family to earn incomes that, when collectively summed, can provide a liveable margin above what can be provided by either welfare income alone or earned by a single low wage earner.

For these reasons, it is imperative that illegal immigration be recognized for what it is: a process of stealing jobs that adversely affects the economic welfare of the most needy citizens and resident aliens in the U.S. workforce. It is not a benign event to be romanticized, trivialized, or ignored.

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**Chart 1 Unemployment rates of persons 25 to 64 years of age by educational attainment, March 1970-93**



NOTE: Data for 1970-91 relate to years of school completed; data for 1992 forward reflect degree attained, and thus are not strictly comparable.

SOURCE: Bureau of Labor Statistics, Current Population Survey

Mr. SMITH. Thank you, Dr. Briggs, you ended on a good point with which I agree.

Dr. Altonji, a couple of questions, it was not 100 percent clear, but it seems to me that you were saying that minorities in the United States were adversely impacted by illegal and legal immigrants who were low skilled; is that correct?

Mr. ALTONJI. That is correct. Common sense suggests that if immigrants are less skilled on average than the whole population as a whole, they will be more competitive with people who are disadvantaged in the labor market. And I think the empirical evidence, on the whole, does suggest a negative effect.

Mr. SMITH. We are going to get into that further in the third panel, but I wanted to make sure.

Dr. Huddle described your research as showing less educated blacks, whites, and prior immigrants have also experienced wage depression to a substantial degree where there have been numerous and growing immigrant populations. Is that an accurate description?

Mr. ALTONJI. Maybe it depends on the definition of wage depression. What our estimates say is that the amount of immigration we had between, say, 1980 and 1990, 6.2 to 7.9 percent of the population, would lower the wage rates of less-skilled natives by 2 percent. If a city had its population go up by 10 percent, then the number is bigger. I think our estimate says 11 percent.

Mr. HUDDLE. 12.6; that is the number for the instrumental variable model which is what Dr. Altonji favors.

Mr. ALTONJI. The immigration flows are not that big and immigrants even today are not that large a fraction of the population.

Mr. SMITH. OK. Thank you.

Dr. Lowell, I am interested in the fact that it seems that most of your comments and your study was based upon the 1980 census. Since the 1980 census, there has been a dramatic increase in the number of illegal aliens coming and staying in the United States, and wouldn't that have an impact upon your conclusions?

Mr. LOWELL. There has been a dramatic increase, and we also had a large legalization, so the net effect is kind of hard to know.

Mr. SMITH. What was the date of your study?

Mr. LOWELL. It was the 1980 census.

Mr. SMITH. Have you looked at the 1990 census figures?

Mr. LOWELL. In fact, no. But there doesn't exist the same kinds of estimates in metropolitan labor markets in 1990 as in 1980. Those were very sound estimates in 1980. But I do believe that they are still relevant for two reasons: One, because current research on the 1990 census mirrors the same kind of small impacts. That is the same story we get with illegals and other immigrant populations. So we are getting that same kind of results in the 1990 census.

And second, we have used a proxy measure for the illegal population in terms of the newly legalized population under IRCA, and two studies using that population have found small impacts as well. It seems likely that the small impact finding still holds.

Mr. SMITH. My next question, Dr. Lowell, is to you and also to Dr. Briggs.

Dr. Lowell, you indicated that a subset of certain low-skilled workers in specific industries are most impacted by the influx of illegal immigrants. What industries are particularly impacted?

And, Dr. Briggs, would you answer that question as well.

Mr. LOWELL. I think there one gets into a whole issue that I also mentioned in my statement where I don't think we have good systematic research. We can cite in some places in Texas such as the construction industry.

I am sure Vernon has a number of industries he can cite. But in my reading of the literature, we don't have a good systematic lead on which industries and which cities.

Mr. BRIGGS. We know where are most industries that disproportionately hire large numbers of unskilled persons, I have done a study in New York City where we actually have data on the foreign born by industry, and we think they are disproportionately concentrated in the household industry, the food preparation industry, the hotel industry, the cleaning industry, child care, and laborers in the construction industry. And not all construction jobs are bad paying either. And, of course, the agricultural industry in the Southwest has an endemic problem with illegal immigration. That is the key issue that we need to talk about.

Those studies at the macrolevel are next to useless to discuss immigration. When you are talking about foreign-born population of Miami of 60 percent; foreign-born population of Los Angeles, 38 percent; foreign-born population of New York City, 28 percent; San Francisco, 34 percent, and say that immigration has no impact on these labor markets, there is something wrong with the economics if we say there is no impact.

It is only when you look at the broad national levels that the thing washes out. It is a geographically and occupationally and industrially focused and concentrated issue. Especially when discussing illegal immigrants.

Mr. SMITH. I want to give Dr. Borjas and Dr. Huddle a chance to respond, and then I will recognize my colleague from California, Mr. Becerra.

Mr. BORJAS. I think that the comments—I really think there are two strains of literature here that are being discussed and the debate in the literature has not been resolved yet. I do think that these cross-sectional studies fundamentally miss an important aspect of the problem and the aspect they miss is that both labor and capital are mobile in this country.

People respond either through moving to other towns or by not moving somewhere. And capital responds even quicker. Capital is trying to decide where to invest money and will clearly see where the cheap labor exists before making the decision, and capital is going to flow overnight quickly and thereby transfer huge amount of wealth or investments across cities and in effect dissipating away any kind of negative impact of immigration.

And I think when one looks at a city like these cross-sectional studies like I have done in the past myself, one misses the point and that is worth remembering when one claims that these studies find a small impact. I also think that it is hard to believe that one can have immigration on the order of 10, 15, 20 million unskilled



workers over a 20-, 30-year period and not expect something to happen in the economy.

People who teach economics 101 say that it must have an impact if we have any kind of competitive market framework, and it is hard to capture, but I think more and more studies are beginning to capture the impact that they have.

Mr. HUDDLE. I think two things here. One is to focus on the entire Nation, given that immigrants are dispersed geographically, as Vernon said, so many go to certain cities, to look at the national picture is highly misleading.

Also, to leave out some age groups, some of these econometric studies have left out the most impacted age group, the 16- to 18-age group. They double and triple the unemployment impacts and low-wage impacts of other groups. And in terms of the David Card study in Miami—there was a subsequent study that indicated that, yes, there was not an impact on that current population. But as an earlier population forecast indicated, the net result was that the same population ended up being there. This meant that all of those Americans who were going to migrate to Miami had not migrated there because of the kind of dynamics Professor Borjas is talking about.

So there is another kind of displacement occurring geographically under these kinds of conditions. People are aware of this information. They are reacting not as they would have reacted, but reacting to the conditions that were created.

And finally, you said people don't want these jobs. But if you have masses of people pouring into low-skilled jobs, which greatly depress the wage rates, then these jobs become jobs that nobody wants because working conditions and wages become highly worsened. This is the condition in Houston construction, and national construction today across the country, is all going independent contractor. And Social Security payments are not being made, nor workman's comp. This is all disappearing into the great gray area that the IRS has no means of beginning to grapple with at the national level.

Mr. SMITH. Dr. Huddle, thank you.

The gentleman from California, Mr. Becerra is recognized.

Mr. BECERRA. Thank you, Mr. Chairman.

Let me follow up on that last point. That is an interesting one, because I think there is some concern about the underground market that may occur with some other employment. The immigrants, especially undocumented immigrants.

We know that there is a large pool of people who are working on a cash basis and, therefore, not contributing taxes. Or at least directly through a paycheck.

How do we deal with the fact that the employer at the same time is violating the law by knowingly hiring someone on a cash basis, and not contributing the employer's portion of taxes and any other Social Security, health care, any other type of taxes or portion of services for the employee who is providing that wage and, ultimately, providing some productive service to the economy?

Mr. HUDDLE. This is a very tricky, important issue. This is the gray area of when is it really legal to hire independent contractor workers who are themselves then responsible for making these

FICA and income tax payments. What is actually happening here is that not only immigrants, illegal and otherwise, have been devolved into this condition, but native-born and earlier immigrants, too. The whole industry is undergoing a tremendous degradation.

The one thing, other than the IRS having more resources and being able to really do a lot more investigation, is what was done in North Carolina where they passed a State law to enable other contractors to sue contractors who were low-bidding, low-ball bidding with this kind of labor because they have a tremendous illegal saving in labor cost. And that apparently has helped turn the situation around, due to the lawsuits and the exposure that these companies have been getting.

Mr. BECERRA. Would you support some initiative that would provide more resources, say, for the Department of Labor to be able to go out and hire investigators to go out and check the working conditions and the contracting conditions between the employer and the employee, to ensure that the employer is not allowing the violations to occur so that the employees do not get away with working when they are not authorized to do so?

Mr. HUDDLE. Yes, sir. How much, I cannot say, but I think we could use an appreciable increase in resources for this purpose.

Mr. BECERRA. Would you agree by having investigators in the Department of Labor who could go out and check working conditions, making sure we have toilets somewhere near the agricultural fields, or in the sweatshops that people have a 10- or 15-minute break, and have ventilation in the place of employment, that those types of violations that may occur, if they are found to exist and remedied, that that might also increase the incentive or the interest of citizens or legally based immigrants to consider working in some of these places and maybe ultimately raise the standard of working conditions and wages for those individuals?

Mr. HUDDLE. Yes, sir, I would. I have for 15 years.

Mr. BECERRA. Let me ask this question generally of the panel. I know the studies as they always are in the case of immigration everywhere on the map, makes no difference what side you come from, they always show something different. The issue of displacement, which is, obviously, an important issue, especially for lower-income workers.

My father, who was actually born in the United States, but grew up in Mexico, one of his first jobs as an adolescent after shining shoes was picking crops. My grandfather picked crops. They both worked on the railroad. My father ultimately retired as a construction worker on highway projects.

In everything they have told me, in everything I have seen, I have never heard of many people who have worked side by side, with either my grandfather or my father—or even I suspect we could go to the fields today, where we find many citizens working to pick those crops. I suspect if we go to the garment industry in Los Angeles, we will find very few citizens sewing the clothes together in those garment factories. Wages are depressed in those areas. Given all of that, would we expect wages to go up in, say, the agricultural industry or in the garment industry, if, in fact, we somehow were able to get rid of the undocumented workers who may be employed in those professions right now?

Anyone?

In other words, the question is, are you guaranteeing that the wages will increase for the workers that will remain?

Mr. HUDDLE. They will stop decreasing. They have been falling constantly since IRCA, and I think they will stabilize or slightly increase along with the rate of inflation, if not perhaps more.

Mr. BECERRA. When you say falling, how much?

In 1984, I worked in Los Angeles in a minimum-wage clinic, representing people who worked in the garment industry, and a lot of folks we represented were making less than \$1 hour an hour. Now, I don't know how much they are making now. If you are telling me real wages have dropped below something like that, then I am extremely distressed.

Mr. HUDDLE. I don't have the answer for the garment industry, but for the agricultural sector this situation is certainly something that could be backed up by the national committee that already studied the question.

Mr. BORJAS. There are two points to remember. One is that it is not clear that most natives—the kinds of jobs that those illegal aliens would empty out would be filled by mainly unskilled native workers. The fraction of natives who are unskilled has dropped tremendously in the last 20 years. It is not clear that a pool of native workers to fill those unskilled jobs really exists anymore. Another possibility is international trade.

Mr. BECERRA. Then who would take those jobs?

Mr. BORJAS. A possibility is international trade. It is not clear that those jobs would exist in this country if it were not for the very cheap immigrant labor that exists.

Mr. BECERRA. To your knowledge, has that particular possibility that we might lose those jobs to other countries if we didn't have the immigrants working for low wages, it is fact that we might lose those jobs, is that fact calculated in any studies that you know of in terms of cost benefit of an undocumented immigrant?

Mr. BORJAS. No, I haven't seen a study like that.

Mr. BRIGGS. The youth cohort starting in 1996 will be starting to go up again. In 2005, the numbers of youth are going to be about where they were in the early 1980's. They are going to go up rapidly starting in 1996. They are already born, we know what is going to come. What has been happening with young people in the last few years is going to reverse itself in terms of where the supply of a lot of unskilled workers is coming from.

We also know that we are doing a pitiful job of educating our youth today, and I don't think we will have a problem finding unskilled workers. We have 27 million functionally illiterate adults now in the United States.

The big problem we have got is finding jobs for unskilled workers in this country. I think that is the No. 1 domestic issue in this country. And that issue has a very heavy racial and ethnic dimension associated with it.

And also when you talk about the wage effects, sometimes wage effects can stimulate management to be more efficient. We have information on minimum wages. It is hard to prove, in my view, that it has caused unemployment.

We have had changes in management practices. Management is stimulated and starts paying attention to workers, and we do see reductions in turnover, and these types of things, and reduced screening costs and these types of things.

So I think you have a very difficult time dealing with the issue of displacement *per se*. But on the agricultural issue, we had studies after the bracero program, and I can't remember the exact Presidential Commission, but it was done in the early 1950's, on the effect of the bracero program on Chicano labor in the Southwest.

The Chicano population were the highest native-born part of the labor force in the rural Southwest prior to 1950, and once the effect of bracero program came in, by 1970, the Chicano population had been rapidly urbanized and a lot of that was citizen workers who were chased out of that agriculture labor force by this heavy concentration of braceros who were not illegal immigrants at the time. These were braceros who came in and bid for work and then continued to work as illegal immigrants after that program ended.

And I think President Truman's report drew clear conclusions about the effect of what the bracero had done in displacing citizen agricultural workers, who were overwhelmingly Chicano, by basically taking the agriculture labor force out of competition with a nonagricultural labor force in the Southwest and then leading to a rapid urbanization.

Mr. BECERRA. Let me comment on that.

I would qualify that a bit, because my father was among those individuals that you are talking about in the 1940's and 1950's. A lot of folks left, but not because they felt chased out but, they wanted to finally leave low wage, terrible working conditions, employment, and they thought there was more opportunity in the urban centers.

So they left positions opened which were now filled by the immigrant worker coming in, whether legal or undocumented. I suspect that my father would explain it more in terms of leaving a void and not being chased out.

Mr. BRIGGS. These were not immigrants. These were foreign workers who were brought in to work in direct competition and gave native-born people no choice. Your father may or may not have wanted to leave.

This is the problem with displacement. You cannot prove that I have got the job that you could have had at Cornell. There is no way to prove displacement. And it is hopeless, in my view, to measure displacement on a one-for-one type of thing. You can, however, look at substitution. What begins to happen with these occupations that were basically citizen workers in the past and some have become immigrant occupations all the sudden; what happened?

Employers got a better choice about who they wanted to hire and many of the citizens could not compete. No citizen can compete with illegal immigrants when the terms are who is going to work for the lowest pay, under the worst working conditions, for the longest hours. You cannot win that, and you do not want to be in that competition.

Mr. BECERRA. If I may ask one last question, then. Your opinion on another guest worker program, your thoughts?

Mr. BRIGGS. Absolutely opposed. The history of that has been a disaster for this country, and for Europe too. Every such venture that we have had has been a disaster. It has bred illegal immigration and never stopped it. The bracero program did. And the European experience has been all bad.

Mr. BECERRA. Thank you.

Anyone else.

Mr. HUDDLE. I think it gets agricultural employers used to cheap labor that is willing to work under adverse working conditions and poor working conditions.

Mr. ALTONJI. I am opposed. If we had a program that we could assure that the workers are going to go home, then it is good for the country. But we cannot do that, and I agree with the other panel members.

Mr. LOWELL. I am opposed, too. But your question about what would happen if? If you removed illegal aliens from the labor work, you will get a guest worker program.

Mr. BORJAS. I agree with Joe. I am opposed. I would say under what conditions are we willing to guarantee that it is a guest worker program? If we are willing to spend the resources, it may be worthwhile considering.

Mr. BECERRA. Mr. Chairman, I could ask questions forever, but I will stop.

Mr. SMITH. Mr. Becerra, I do not want to cut you off, but that was a good last question.

Mr. BECERRA. Well taken, Mr. Chairman. I am fine.

Mr. SMITH. Actually, I am intrigued by that last question. Where would the labor come from?

I am visited by friends from California, who say we have to have individuals, we cannot find them otherwise.

Where would the labor come from to pick the crops that Mr. Becerra was referring to?

Mr. BRIGGS. In a free labor market—you raise wages.

Mr. HUDDLE. The other side of it is right now we have a social cost of \$2 an hour for each and every one of these workers employed. If you consider whether people would be willing to work for whatever the wage is now plus \$2 that we are spending on social programs, I think we would have tremendous numbers.

Mr. BECERRA. Mr. Chairman, the whole thing, the social costs, see I disagree with Dr. Huddle on that. I think there is a great cost that we are incurring to reduce the cost of those who are undocumented. We are providing their labor for a very low wage.

The cost of trying to replace them, the cost of trying to apprehend them, and the cost of trying to somehow prevent them from using social service programs, which for the most part, they do not use, and most of the evidence shows that they use them in minimal numbers, is probably much greater than the benefit we get from trying to get rid of every single last one.

I suspect we could do a better job of trying to reduce the number to a small amount or something that we consider manageable. But the marginal costs of trying to go after that *nth* undocumented immigrant, I think gets to the point where we are expending much more and getting much less out of our tax dollar, versus trying to put it into maybe enforcing our labor laws and making sure that

there is an incentive for citizen and legal immigrant workers to take those jobs. Because right now, they do not wish to go to a job that pays less than a minimum wage, and doesn't have a toilet, and it is in the 110-degree weather, sun of central California.

Mr. HUDDLE. Both are needed. But actually, the data does not show that these are minimally used. A separate Rand study that is part of your data shows clearly that the actual welfare usage of all kinds, from AFDC, food stamps, CIC, unemployment insurance, workers' compensation, is much, much higher than those used in my own study and other studies estimating these costs.

So based upon this these kinds of samples from Los Angeles, and so forth, we see that the potential cost upward is much higher than some of our studies have estimated.

Mr. BECERRA. It is interesting that you point that out. Last week, we had representatives from each of those different agencies, and I asked them the question, can you tell me if you are aware of abuse that is going on within this program, and each one of them said no.

Mr. HUDDLE. They probably are not aware of it. But these are independent surveys taken of the Salvadoran population by the Rand Corp., and they are much more willing to speak openly and honestly than to people who are the heads of these agencies, who probably really don't know.

Mr. BECERRA. I know that there was other research done that shows that those who received amnesty when asked now that they have nothing to lose, what their usage of those social service programs was when they were undocumented, I think what was it, we found less than 1 or 2 percent had made use of those programs; a very low rate there. We can use numbers and studies to show—

Mr. HUDDLE. There is that fear that if you do tell and you are undergoing amnesty, that you could potentially lose your amnesty.

Mr. BECERRA. That is true, but they were told that it was done with confidentiality preserved; a number of factors that made it clear that they were trying to provide accurate answers.

I understand we can come up with studies that show one thing or the other, but perhaps the most important thing is to try to ultimately get to the answer of how we try to reduce the number of people that come into this country for purposes of work. And once we can get to the point of minimizing it, we start elevating the wages for those that are here and are eligible to work.

Thank you very much for your testimony.

Mr. SMITH. Thank you again, witnesses and members of the second panel. We appreciate you being with us today.

We will go to the third panel.

Let me apologize—I am going to have to leave early, and I am going to ask Mr. Becerra if he will continue the hearing in my absence.

Let me introduce the panel that is coming forward. Dr. Frank Morris of Morgan State University.

Welcome back after so many times.

Dr. Norman Matloff, University of California at Davis; Dr. Peter Skerry, Woodrow Wilson International Center for Scholars.

We appreciate you all being here.

Without objection, we will make your formal statements a part of the record and ask you to summarize your opening remarks in 5 minutes.

Dr. Morris, we will start with you.

**STATEMENT OF FRANK L. MORRIS, SR., PH.D., DEAN, MORGAN STATE UNIVERSITY**

Mr. MORRIS. Thank you, Mr. Chairman.

One of the things I would like to do is bring a perspective to some of the testimony, especially some of the testimony from the economists about small effects of immigrant generated displacement on African-Americans in the labor market.

Let's put this into perspective. Let's acknowledge that African-Americans have been in this country almost 400 years. The latest data we have from the census, 1993, shows that African-Americans are almost 12 percent of American households, but yet get 7.5 percent of American earned money income. So it really irks me to talk about any negative effects under these conditions as small effects.

Likewise, when we look at the wealth data, African-Americans in 400 years, represent between 11.6 and 12.4 percent of American households, but in fact, receive only 3 percent of American wealth. How dare anybody talk about any negative effects as small effects.

What I want to do is really to make a fundamental point, and that fundamental point is that illegal immigration is not the only negative effect that is impacting upon African-Americans at this particular time.

As a matter of fact, it also is not the only negative effect on all American low-wage workers at this time. What I want to recognize is that there is a combination of simultaneous negative effects.

Data from the Economic Policy Institute points out that from 1979 to 1993, the real hourly pay of most American workers, not just African-American workers, has been severely eroded in terms of real wages or compensation and those groups who have received the greatest drop include those three-quarters of American workers who do not have college degrees. I am talking about the majority of American workers including low-wage women workers, younger workers, and blue-collar workers.

This widespread wage erosion has really meant a difficult time for many Americans who do not have a lot of education and are not finding those kinds of low-wage jobs that would provide full benefits. One of the factors that is strong evidence of this is the fact that the underemployment rate, which is the unemployment rate plus the involuntary and part-time workers, has increased almost 25 percent, between 1989 and 1993, up to about 12.6 percent of all workers, and one-quarter greater than it was in 1989.

For me, it doesn't require a Nobel Laureate in economics to tell us as a nation these are not times to expand our unskilled labor sources, by any means—I repeat, by any means—and it is especially the case for adding or keeping unskilled workers who should not be here in the first place.

And I want to focus on African-Americans because the labor markets for African-Americans are different. And that is the second thing I want you to remember. That the market—labor markets for

African-Americans do not work like the labor markets for other Americans.

One of the things that—I mentioned earlier are some of the multiple impacts that are negatively affecting African-Americans. Some of these reflect the loss of our manufacturing jobs, especially in the North Central States. These jobs in sectors such as steel, automobile manufacturing, and rubber were in CIO-organized industrial unions, which were always more open to African-American labor participation than the craft unions, AFL unions.

Then we found that the reduction in our defense forces, which are good overall, I am for peace, too, in fact closed off in an area where African-Americans, who often face discriminatory private sector labor markets, had past opportunity to legitimately participate in our country's benefits.

A third negative is the impact of NAFTA. I think we are beginning to see, especially with the Mexican devaluation, that these kinds—that the jobs that NAFTA will be creating in this country are not jobs that are going to be available for low-income workers, and especially African-American workers. The point is that African-Americans average much less education and much less training than other workers and, therefore, are more dependent upon low-wage opportunities.

I am not going to go through a whole litany of the statistics that talk about African-American status in this country. I think that they are widely known.

Clearly the push factor for illegal immigration is employment opportunities. Now, I don't know why economists have difficulty understanding that labor is not exempt from the law of supply and demand. When you increase greatly the labor supply over time, you are going to have negative impact from the point of view of workers. We need to recognize that the labor market for illegal immigrants is like the market for legal immigrants. It is not equally distributed all over our country of 275 million. The immigrant labor markets are concentrated markets in the Southwest, and urban markets in the North, and Chicago, New York, Washington, DC, Miami, and Los Angeles. These are also cities that have significant numbers of African-American workers who are already in dire straits and face tremendous competition.

I will try to summarize. There is a lot that I really want to say here.

It is malarkey to say that African-Americans do not want positions that you find a significant number of illegal immigrants in; such as in the services, in light manufacturing, and especially in construction.

Mr. SMITH. I am going to slip a question in quickly.

Given what you say about the adverse economic impact on African-Americans, particularly in the large cities, why aren't African-American organizations more opposed to immigration?

Mr. MORRIS. One of the reasons is that many of those major African-American, organizations, and I am part of some, really reflect the interests of their African-American middle class. I have been trying to argue with my colleagues, that we should not just be focusing on affirmative action. Affirmative action is a primary benefit of the middle class and those who have education and training. It



is actually rapidly becoming an issue of the past. Affirmative action, in the way it was focused in the past did not really pay great attention to social class. What we really should be focusing on are issues of the present and future, such as immigration, which negatively impacts upon many of the poor who are not part of the middle-class-led black political organizations and who are not part of those who have the power to influence the mainline African-American institutions.

Mr. SMITH. Thank you.

[The prepared statement of Mr. Morris follows:]

## PREPARED STATEMENT OF FRANK L. MORRIS, SR., PH.D., DEAN, MORGAN STATE UNIVERSITY

Good afternoon Mr. Chairman and members of the Subcommittee on Immigration and Claims of the Judiciary Committee. I am grateful for the opportunity to present my views on illegal immigration. There is a fundamental point I want you to remember. Unfortunately, African Americans in this country are in such a precarious state that the problem of illegal immigration is simply making other severe economic problems of the African American community worse. The negative collective impact of the whole is compounded by the sum of the parts of problems such as illegal immigration. Although illegal immigration also negatively effects African Americans because of their costs on a number of public benefit programs, I will be focusing entirely on the negative labor market effects.

First we should acknowledge the deteriorating wages for the majority of working class Americans and not just African Americans. As the Economic Policy Institute has pointed out, from 1979-93 the real hourly pay of most American workers (not just African American workers) was severely eroded in terms of either real wages or total compensation. The groups experiencing the greatest drop include the three-fourths of the workforce with less than a college degree, the bottom 80% of men, low wage women workers, younger workers and blue collar workers. This widespread wage erosion has meant a continuing growth in the proportion of the workforce earning less than poverty level wages and a shrinkage in the share of workers, especially men, who earn mid level wages. Our relatively weak economic expansion has left involuntary part-time work unusually high, and labor force participation has actually fallen. The heavy reliance upon temporary jobs---- 20% of all private sector jobs created--is another worrisome dimension of the recovery. Last but not least, the underemployment rate in 1993 of 12.6% (defined as the unemployment rate plus involuntary and part time workers) was

one fourth greater than it was in 1989 at 9.8%.<sup>1</sup> It does not require a Nobel Laureate in economics to tell us as a nation that these are not the times to expand our unskilled labor sources by any means. It is especially the case for adding or keeping unskilled workers who should not be here in the first place.

Please keep in mind that while total immigration is at record levels, African Americans, with less total education and skills than other Americans because of our unique particular past and present in the United States are concurrently suffering from multiple negative impacts upon present and future employment opportunities. First African Americans have disproportionately felt the loss of manufacturing jobs in the north central states in such industries as steel, auto manufacturing, and rubber industries. Many of these jobs were in industries organized by the CIO which provided better labor union access to African Americans than the AFL organized craft unions. Second the reduction in our armed forces although welcome, is further reducing a very important job providing option that was especially important to African American males. Third the likely prospect of NAFTA is another factor that will further constrict the increasingly limited employment options for African Americans for positions that do not require high levels of education. There can be no doubt that our current practice of permitting more than a million legal and illegal immigrants a year into the US into our already difficult low skill labor markets clearly lead to both wage depression and the de facto displacement of African American workers with low skills.

I do not intend to bore you with a litany of horrible statistics that only partially reflect the true horrors that

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<sup>1</sup>...Lawrence Mishel and Jared Bernstein. The State of Working America. Economic Policy Institute, 1995 pp. 6,8.

many African Americans daily face living in our American homeland. African Americans with "official" youth unemployment of more than 50%, with one out of two of our children living in poverty (and also two out of five Hispanic children), and with our youth suffering disproportionately from drug addiction without adequate treatment facilities, and dedicated public school teachers such as my wife coming home exhausted and tense because of deteriorating conditions in our public schools and neighborhoods, all reflect an environment that must change. In my speeches around the nation I often point out how close the Black youth unemployment rate is to the figure of 48% of all prison and jail inmates in the US being African Americans. With the "official" African American unemployment rate double the white rate and the fact that real American wages for those in manufacturing and those with only a high school degree having almost declined 20% since 1973, we have an extremely difficult environment for African American workers and those seeking employment.

Make no mistake about it, the potential for employment is the greatest pull factor for illegal immigration. The American labor market is not exempt from the laws of supply and demand. If the supply of labor, especially unskilled labor, increases in markets where significant numbers of African Americans reside for any reason, you have either a wage depression or labor substitution effect upon African Americans, who because we have less education, work experience and small business creation rates than other Americans, are disproportionately negatively impacted in those markets. It is important to point out that illegal immigration is not evenly distributed across our great country but it has disproportionate impact upon states in the South and West (Texas, California and Florida) and cities of past and present significant immigrant flow patterns (Los Angeles,

Houston, Miami, Chicago, New York, and Washington DC. come to mind immediately).

A fact of life is that many African American citizens are living in dire straits in most of these areas of significant illegal immigration. I consistently confront the myth that illegal (and many legal) immigrants take jobs that other Americans such as African Americans do not want. This is especially fallacious when we see the extent of illegal immigrant employed in the light manufacturing, services and construction sectors. The illegal immigrants are the most vulnerable workers and their lack of status virtually eliminates any bargaining power except to exit. We have seen cases where for illegal Chinese immigrants exit is not a choice.

The fact is that many African Americans, who as Americans, collectively have less access to education and higher education than other Americans, are especially anxious for job opportunities in light manufacturing, the services and especially construction. I want to remind you of the major confrontations that African Americans had with major construction companies who were extensively planning to use illegal immigrant labor instead of African American construction workers to rebuild after the Los Angeles riots following the Rodney King verdict. This highly visible confrontation masked the need for others throughout the country that did not happen because, even with high rates of urban unemployment, African American workers and especially young urban workers were and are being denied opportunities in construction that were given to illegal immigrant construction workers in cities subject to high immigrant migration.

The argument is often made that the jobs that illegal immigrants often take in our urban labor markets are jobs that others, such as African American laborers, do not want. The prototype of such jobs are often day labor positions. The assumption that African American workers do not want these positions is as fallacious as the contention by American research universities that the ready availability of foreign students for doctoral programs which they subsidize with federal taxpayer funds, does not weaken their incentive to provide comparable doctoral student opportunities for American minority students? I keep confronting both myths.

Do not misread me. I am not posing a causal relationship. Immigrants, neither legal nor illegal did not bring about the state of Black America. Yet the patience of African Americans wears thin when America welcomes and provides in this century as it did in the last, a better opportunity to achieve the American dream than it provides for African Americans.

One of the facts of American history that is not widely discussed has been America's willingness to seem to prefer a new immigrant supply of labor when the alternative was to train and employ the more indigenous African American labor source. Booker T. Washington in his famous 1895 Atlanta exposition speech pleaded with the industrialists not to look to a European labor supply but rather to the black and white labor supply in the south. Instead of providing vocational and craft training for blacks, America turned to an European immigrant pool of labor to stimulate first greater northern

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2. Frank L. Morris, "Doctoral Opportunities in the United States: The Denial of Equal Treatment for African American Students" Urban League Review, Vol. 16, No. 1, Winter 1993.  
 Constance Nolder, "Are Foreigners Squeezing Minorities Out?" Science, Vol. 262, No. 12, November 1993 pp. 1109-1111. Anthony DePalma "As Black Ph.D.'s taper Off, Aid for Foreigners Is Assailed." New York Times, April 21, 1992, p. 1.

and western industries. Blacks were always the residual labor pool and never able to enjoy the benefits of full employment save for times of war when the preferred (white) immigrant supply was not available.<sup>3</sup> African Americans were later denied (and continue to be denied) access to skilled craft guilds and later labor unions. Black basic education in the South and to a lesser degree in the North perpetrate inequitable schools under a legalized separate but equal cover until the 1950's and under formulas such as funding public schools from local property taxes which inherently bring inequities under our greatly segregated living communities in contemporary America.

The turn to immigration in the 1890s greatly slowed the industrialization of the American south for decades and has made southern rural poverty most difficult to eradicate. We are beginning to reap the policy whirlwind of a similar mass immigration policy in the 1980s and 1990s. The similar result has been a more difficult and depressed labor market for African Americans in the last part of the 20th century that had ominous overtones to the immigrant saturated labor market at the end of the last century.

America is the only country in the world that has mass immigration at a time of slow growth, and industrial restructuring of the economy. African Americans are disproportionately hurt by this process because almost half of all immigrants head for cities that also have a large number of African American residents searching and fighting for better low rent housing, better low skill requirement but high paying jobs, and better public school education for their offspring. Needless to say as manufacturing and industrial jobs decline, the competition for the other jobs becomes more intense and when this happens African Americans

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<sup>3</sup>. See Sidney M. Wilhelm. Who Needs The Negro? Anchor, New York, 1971.

always lose for a variety of reasons. These reasons range from stereotypes about race to a preference to more vulnerable workers for whom the threat of deportation can be held over their heads.

In 1990, immigrants were 10% of the US labor force and were a quarter of all workers without a high school diploma. These workers had succeeded in displacing African American workers in such areas as the construction trade, the restaurant and hospitality services and in light manufacturing in many cities. We are creating the environment for social conflict because while immigration is continuing at record mass levels, the American middle class shrank for the first time since world war two and the decline in the poverty rate in the 1980s was less than in other times.

As mass immigration continues I see reports each day that spell out a continuing decline in the condition for African Americans in this country. A Wall Street Journal article<sup>4</sup> pointed out that African Americans were the only Americans to suffer permanent job losses at our large corporations during the last recession. The worst losses of all categories was for **laborer**. Do not mistake this as a sign that African Americans do not want labor intensive jobs. Whenever we witness employers who have low skilled jobs available we find many African Americans who want to work but are often not chosen. This pattern especially holds for the impressive number of small businesses started by immigrants.

Virginia Abernathy, the noted anthropologist has pointed out that in 1960 African Americans owned 25% of the gas stations in Dade County (which includes Miami). By 1979 African American ownership had dwindled to 9 percent and

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<sup>4</sup> Rochelle Sharpe "In Latest Recession, Only Blacks Suffered Net Employment Loss." Wall Street Journal September 14, 1993, P1.



Cuban ownership accounted for 48% of the total. It is a sad but tragic fact that most Americans, much less most immigrants do not really identify with most African Americans as part of a great American community primarily because of our collective and often sad history together. We assume that past history does not impact on current events. We refuse to accept the possibility that to the extent that African Americans see themselves being disadvantaged by newcomers, it is natural to feel resentment which may translate into desperation, racial tensions and violence.

There is an element of truth to the myth that there are some jobs that some illegal immigrants take that no American worker would take. The presence of large numbers of illegal immigrants has helped to create sweatshop conditions that no American worker including African American workers, should be expected to work in. Noted labor economist Vernon Briggs describes the situation as follows...

Some immigrant and non immigrant workers have human resources endowments that are quite congruent with labor market needs because of the appalling lack of attention paid by policymakers to the adequate preparation of citizens for the emerging job requirements of the labor market. But most do not have adequate skills. The majority must seek employment in declining sectors of goods producing industries or low wage sectors of the expanding service sector. Such immigrants---especially those who have entered illegally---are a major reason for the revival of the "sweatshop" enterprises and the revival of child labor violations reported in the nation's urban centers. The existence of Third World working conditions in many cities is nothing for the nation to be proud of, regardless of whether these immigrants displace citizen workers in exploitative work situations.

Unfortunately many citizen workers who are among the urban working poor and the urban underclass are also to be found in the same declining occupations and industries. A disproportionately high number of these citizens are minorities---especially young people and women. **The last thing these citizen**

groups need is more competition from immigrants for the declining number of low skilled jobs that provide a livable income or for the limited opportunities for training and education that is available to low income workers.<sup>5</sup> (emphasis mine)

I am consistently concerned with our deteriorating sense of an American community where we should have a greater responsibility to other Americans before we give the priority to non American citizens. We need to help protect American workers, especially low skilled African American workers, from the job displacement and eventual job wage depressing effect of workers who should not be competing in the American workplace. I note, with regret, the fact that many will identify and have great sympathy for the overall plight of illegal workers but be callus toward the fate of other Americans who have suffered from years of unfair treatment. During many of these years of unfair and discriminatory treatment, from other Americans to African Americans, immigrant Americans were able to benefit from employment opportunities past denied to African Americans. How unfair it is that this pattern continues to negatively effect African American workers.

There seems to be a selective American collective memory lapse about the negative effect of mass immigration such as we are currently experiencing upon our African American population and the nation as a whole. The fact of life is that African Americans do not benefit from great periods of American immigration.

It was not until mass immigration was reduced during --and restricted following--World War 1 that the black population was able to begin its exodus from the south in general and the rural south in particular. Thus throughout the entire nineteenth century and the first decade or so of the twentieth century, the black population was essentially excluded from the rapid

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<sup>5</sup>. Vernon Briggs Jr. Mass Immigration and the National Interest. M.E. Sharpe, New York 1992, p. 12.

industrialization that was occurring in the North and West. This meant that American Blacks were locked out of the new array of industrial occupations that were coming into existence. Throughout this critical area of the nation's economic development, the black population was bypassed. Blacks remained disproportionately concentrated in the poverty stricken South and tied to its agriculturally dominated employment structure.<sup>6</sup>

Just as immigration policy was and has been a contributing factor to the limited employment opportunities for African Americans in the last century and for at least 3 decades of this century, it is time that the labor market effects, especially the labor market effects of illegal immigration on African Americans and other low income workers be addressed as a top priority. Our sense of common purpose and the brother and sisterhood of our shared American experience should permit us to do no less. We must begin to address the gaps in our immigration policies that compound the disadvantages of our people of color at a time when the economic indicators for low income, low skilled African American is dismal. Thank you for caring and beginning to address a key equity issue for African Americans.

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<sup>6</sup>. Ibid. p. 39

Mr. SMITH. Dr. Matloff, in your opening remarks, if you would, again emphasize or point out, which I think you did in the written testimony, about the welfare usage among illegal immigrants, why that should include U.S. citizens' children, and would you cover the subject that you state in your written testimony, that immigration is resulting in diminishing attention being paid to native-born minorities?

#### STATEMENT OF NORMAN MATLOFF, UNIVERSITY OF CALIFORNIA AT DAVIS

Mr. MATLOFF. In the written testimony, I said a lot about welfare statistics, and said that one should be very, very careful in looking at them, because they are abused like crazy, sometimes intentionally and sometimes unintentionally.

I was pleased to see one of the earlier speakers did address the question as to where the children of the immigrants should be counted, the native-born children, because I think most analyses count them on the U.S. citizen side of the ledger, and they, obviously, should be on the other side. So you have a double error.

A couple of people said before that there is no evidence that illegal immigrants come here for welfare, and I address that in my written version as well. Basically, it already has been established that a number of legal immigrants come here for welfare, at least among the elderly. That is now admitted by some organizations, even ethnic activist organizations who I cite in the written testimony.

That is my specialty, as some people may know. I have done a lot on the welfare area. And I can tell you among Chinese immigrants, among the elderly, they are coming here for welfare. The point then is that it makes sense that at least some illegal immigrants find welfare attractive, too. They come here for a better economic life.

Now, part of that—how is that better economic life realized? Part of it is through jobs. Jobs are indeed a magnet, but welfare is also an attraction. It is an economic attraction, just like jobs are.

The other point, of course, is that the average illegal family makes such low income that they are forced to turn to welfare to survive.

On the issue of the treatment of black Americans, you know I anticipated, it turns out correctly, that most of the people talking here today would address questions economic in nature and they are important. But what I wanted to bring up was some of the non-economic impacts of immigration.

Now, I want to emphasize that I am talking about both legal and illegal immigration, because their impacts on minorities are virtually identical. And what is happening here—we have all heard about Chinese immigrants being called the model minority. I have been immersed in the Chinese immigrant community for 20 years. I speak Chinese. My wife is Chinese.

This is not meant to be critical of the Chinese. But the Government, the media, academia, are treating Chinese immigrants in particular, Asians in general, as the model minority. A very worrisome side effect of that is that African-Americans are becoming what I call the forgotten minority.

Basically, people in government used to worry about the problems of poor African-Americans, the fact that the legacy of slavery is still with us. The legacy of Jim Crow is still with us.

Those people who used to think of those things are now opening their doors, they are being lobbied by Chinese activists and Latino activists. And I don't blame those activists, but the net result is that black people are indeed becoming the forgotten minority.

Now, on the economics, I was pleased to see, especially what Vernon Briggs said. Look, I am a professional statistician. The models they use are very powerful, that the economists use are powerful, but they are used—you use statistics when you don't know anything. And it is not a substitute for knowing something. And somebody who is sitting in his office in an ivory tower, literally and figuratively, in front of his computer, number crunching, they do not know what is going on.

If they are not immersed in the communities that are impacted here, we are talking about immigrant communities, the African-American community, if they are not immersed in those communities, they do not know what is going on. We have the problem, for example, that Vernon Briggs mentioned, about small effects being apparent because they are washed out by the sheer size, because those studies do not take into account the localized nature of the impacts of immigration.

In addition to that, you have the possibility that people who are number crunching here are doing so blindly. They do not know how to interpret those numbers. In fact, worse, they don't know which numbers to look at.

And so, I think one of the biggest points I wanted to make was that—I would urge the committee to heavily discount economic studies. Famous as those people are, we have some very famous people that have spoken today that are good at what they do, but what they do is work blindly.

Just a couple of other remarks.

The impacts are not just at the low-wage level. We have Asian-Americans who are heavily in computer science and engineering who are being adversely impacted by immigration.

Around 1990, there were inaccurate statements made to Congress that we had a shortage of computer scientists and engineers and by that time, even by that time, we did not. And yet the industry continues to sponsor foreign nationals for immigration. And what you have in the end is Asian foreign nationals pitted against Asian-Americans. And so that is at the high end of the wage scale where there is an effect.

I don't have time to go through all of my examples, but I urge people to read through the written testimony. I know you are all busy, but look at those examples by people who are immersed in the communities, and you will see that the effects are there.

And I hope that somebody who reads those examples will never, ever again lightly say immigrants are taking jobs that Americans don't want. In fact, something that is not in my written testimony, and should have been in there, there was an incident a few months ago in San Rafael, CA, where you have legal immigrants reporting illegal immigrants to the INS because of job competition. Now, if

that does not dramatically explain the situation, I don't know what does.

Another point, by the way, responding to something Mr. Becerra said earlier, and some other speakers did also, it implicitly seemed like they were discounting the adverse impacts on people who were the earlier-arriving immigrants. "Oh, that is OK." There is an impact on the earlier-arriving immigrants. Why is that "OK?" They are Americans, after all. They are Americans now, too.

And if we are worried about job displacement, we should be worried for their sake as well.

Mr. SMITH. Dr. Matloff, we are going to need to go on and hear the rest of the panelists, if you do not mind. We will allow you to follow up on what you are saying.

[The prepared statement of Mr. Matloff follows:]

## 1 Executive Summary

We are indeed a nation of immigrants. In fact, though a stereotypical American would have British ancestors who came to this continent during the 1700s if not earlier, the fact is that rather few of us fit that description.

The adventurous spirits of those who came to this country in earlier times contributed greatly to America's success. Immigration continues to add vitality to our society today. Yet conditions have changed greatly from those earlier times, and the current high rate of immigration does have its down sides. One very important class of down sides is the adverse impact immigration has on minorities. In particular:

- Immigration adversely impacts native-born African-Americans.
- Immigration adversely impacts both native-born and earlier-arriving immigrant Asian-Americans and Latino-Americans.
- These adverse impacts are due to both legal and illegal immigration.<sup>1</sup>
- Some of these adverse impacts are economic in nature, in the form of increased job competition, lowered

wages and reduced opportunities for entrepreneurs.

- Other adverse impacts are noneconomic, such as reductions in quality of education.
- Immigration is resulting in diminished attention being paid to the problems of native-born minorities. In some ways, this problem is even more serious than those cited above.
- Poll after poll in recent years has shown that minorities recognize these adverse impacts, and wish for relief, in the form of reduced levels of both legal and illegal immigration.

## 2 Author's Background

Dr. Norman Matloff is a professor of computer science at the University of California at Davis, where he formerly was a professor of statistics. He writes frequently about minority and immigration issues.

Professor Matloff was a former Chair of the Affirmative Action Committee at UC Davis, and has long been active in work supporting minorities in programs such as MEP, MORE and SURPRISE.

He is particularly close to the Chinese immigrant community. His wife is an immigrant from Hong Kong, he speaks Chinese, and he and his wife are raising their daughter to be bilingual. He is particu-

<sup>\*</sup>The views expressed here are those of the author, not the University of California.

<sup>1</sup>Except for when otherwise qualified, the use of the term *immigration* in this report will mean both legal and illegal immigration.

larly close to working-class people from Hong Kong and China, e.g. via his volunteer work in San Francisco's Chinatown, and to professionals from Taiwan, via his wife's friends from the Silicon Valley, where she is a software engineer.

Because of his immersion in the Chinese immigrant community, a number of the examples in this report will touch on that community.<sup>2</sup>

### 3 Economic Aspects

On a general societal level, the economic impacts of immigration are exceedingly complex, and virtually impossible to analyze. Furthermore, though some really top-flight economists specialize in immigration issues, it must be kept in mind that macro-level, econometric analyses have their limitations. Number-crunching alone cannot replace qualitative insights which come from intimate knowledge of immigrant communities.

In short, it is the author's view that direct, micro-level observation, especially by those who understand minority communities, provides the most reliable gauge of immigration's economic impacts, including impacts on minorities.

Here are some examples of adverse impacts on minorities:

- When asked why most Latino Americans wish to see reduced immigration, Antonia Hernandez, president of the Mexican American Legal Defense and Educational Fund (MALDEF), explained that "Migration, legal and undocumented, does have an impact on our economy...[particularly in] competition within the Latino community...There is an issue of wage depres-

sion, as in the garment industry, which is predominantly immigrant, of keeping wages down because of the flow of traffic of people."<sup>3</sup>

- Presumably motivated by similar concerns of job competition, United Farm Workers co-founder Dolores Huerta testified to a California Assembly committee that "With 1.5 million legalized immigrants living in California, and only approximately 250,000 agricultural jobs in the state, there is no need for additional farm workers."<sup>4</sup>
- Immigrants are entering the U.S. faster than minority communities can absorb them. Numerous case studies in New York's Chinese-American community by sociologist Hsiang-Shui Chen show how the influx of Chinese newcomers—both legal and illegal—reduces employment opportunity for native and earlier-immigrant Chinese, as well as resulting in reduced market shares for established Chinese entrepreneurs.<sup>5</sup>

Louisiana State University sociologist Min Zhou makes similar comments, such discussing the low wages in New York's Chinatown, caused by "the large pool of surplus immigrant labor."<sup>6</sup>

The same themes show up in the study by Peter Kwong of Hunter College.<sup>7</sup> Here is a very telling excerpt (p.68),

<sup>3</sup>Ms. Hernandez made these remarks at the Forum on Immigration, UC Davis, March 11, 1994. After the author included this quotation in his op-ed piece in the *Los Angeles Times* on September 30, 1994, Ms. Hernandez responded with a letter to the editor in that newspaper on October 12, 1994. There she said, "[MALDEF and other civil rights groups] recognize the truism that immigrants tend to compete economically with the most disadvantaged sectors of the population."

<sup>4</sup>Summary Report Prepared for the Assembly Select Committee on Statewide Immigration Impact, California Assembly Office of Research, Sacramento, May, 1994.

<sup>5</sup>Chinatown No More, by Hsiang-Shui Chen, Cornell University Press, 1992.

<sup>6</sup>Chinatown, Temple University Press, 1992, p.221.

<sup>7</sup>The New Chinatown, Peter Kwong, Noonday Press, 1987.

<sup>2</sup>The use of the singular term *community* here is really an oversimplification. Chinese immigrants from the three major regions—China, Hong Kong and Taiwan—differ from each other to a substantial degree culturally, and tend not to interact with each other very much.



on the hardships faced by native-born and earlier-arriving immigrant entrepreneurs, caused by the arrivals of large numbers of later immigrants:

In the 1980s, business in Chinatown reached the point of saturation: too many immigrants, too many new businesses, and exorbitant rents. Suicidal competition developed throughout the community.

- A 1988 study of the Los Angeles hotel industry by the General Accounting Office found that jobs formerly held by African-Americans were now performed mainly by immigrants. Again, this study was not based on some econometric model. On the contrary, it was a direct report of the hotel owners' actions to break up the largely-black unions, and replacement by immigrant workers. Studies have shown a similar displacement of blacks in the restaurant industry, at airports, and so on.
- Jack Miles of the *Los Angeles Times* has found that even black social workers are being displaced by Latinos. The blacks hope to keep their jobs by learning Spanish, but this may or may not succeed.<sup>8</sup> Ezola Foster, a black Los Angeles school teacher, describes a similar situation for teachers.<sup>9</sup>
- Asian-Americans, who comprise more than 50% of new graduates of computer science curricula in California universities, are often shunted aside by Silicon Valley employers in favor of foreign nationals. Computer industry employers continue to hire the foreign nationals and sponsor them for immigration or work visas, in spite of a labor surplus which has existed since the late 1980s. Often the employers' motivation is a desire for cheap, compli-

ant labor.<sup>10</sup> One General Dynamics subcontractor has even referred to the foreign employees' status as being "indentured."

Even Stanford Law Professor Bill Ong Hing, a nationally prominent immigrant-rights advocate, has expressed concern over the impact of hiring of foreign professionals on our nation's minorities.<sup>11</sup>

In other words, the frequently-heard adage, "Immigrants take jobs which Americans don't want," simply does not jibe with reality. In those hotel jobs, for instance, Americans not only did want those jobs but also indeed were working in those jobs. And it must be noted that the earlier-arriving immigrants whose jobs are threatened by later-arriving immigrants are, after all, now Americans.

As Cornell University economist Vernon Briggs has said, the effort "to raise disadvantaged urban black Americans out of poverty was undermined from the beginning by the flood of cheap foreign labor."

On the other hand, cheap wages do not tell the whole story. Another major factor is networked hiring. News of job openings are spread by tight social networks among immigrants, alleviating the employer of the need to advertise. As a result, says Richard Rothstein, a columnist for the Spanish-language *La Opinion*, "In the garment districts of Los Angeles, New York, or Miami, entire plants are staffed by immigrants from the same village in Mexico, El Salvador or China."<sup>12</sup> Significantly, Rothstein adds that "Once such powerful networks are established, policy is im-

<sup>10</sup> *San Jose Mercury News*, June 3, 1993. See also the author's op-ed piece in the *San Francisco Chronicle*, March 28, 1995.

<sup>11</sup> *Asian Week*, April 29, 1994.

<sup>12</sup> *Dissent*, Fall 1993. It should be noted that this is not limited to the low-end of the wage scale. Chinese immigrant engineers in the Silicon Valley are also frequently hired via Chinese social networks. It is common to find that an entire division of a company consists of Chinese immigrants, most of whom knew each other before coming to the company.

<sup>8</sup> *Atlantic Monthly*, October 1992.

<sup>9</sup> *ABC Nightline*, March 24, 1995.

tent to break them."

Some employers hire immigrants because they are perceived to be reliable. Peter Skerry<sup>13</sup> notes that Latino workers in Los Angeles tend to use carpools to get to work, whereas a black worker might not show up for work if his car breaks down.

Indeed, questions might be raised along the lines of "Why blame the immigrants? Why can't blacks form networks, use carpools, etc.?" The answer is that although it is true that many poor blacks lack these work skills, the continuing influx of large numbers of immigrants is working to insure that poor blacks never will develop these skills. The presence of immigrants is certainly giving employers no incentives to develop work skills among poor blacks. And in government, as pointed out in more detail below, the large influx of immigrants is causing distractions of government attention; indeed, the author will argue that immigration is leading to African-Americans becoming the Forgotten Minority.

#### 4 Adverse Impacts on Education, Health and Social Services

It is important to keep in mind that the adverse impacts of immigration on minorities are by no means limited to employment. In this section, we will outline other types of problems.

##### 4.1 Education

It is estimated that there are 300,000 illegal immigrant students in California's schools. Yet some schools in the West Contra Costa Unified School District recently closed their doors to enrolling new students.<sup>14</sup> As the district contains many black and Asian-American students, we

see again that minorities comprise a major class of victims of immigration problems.

But again, the problem extends to legal immigration as well. For example, last year the San Francisco School District announced that, due to a dearth of bilingual teachers fluent in Cantonese, Russian and Vietnamese, it was resorting to hiring uncredentialed teachers.<sup>15</sup> In other words, the quality of instruction is being reduced because of the influx of immigrant children. Once again, the principal victims are the Asian, black and Latino kids who comprise the bulk of San Francisco's student population.

##### 4.2 Child Care

Low-income black single mothers in Pasadena are being given lower priority for child-care services, because immigrant Latino women often have even lower incomes, thus higher priority for child care.<sup>16</sup>

##### 4.3 Housing

San Francisco's *Comprehensive Housing Affordability Strategy*<sup>17</sup> illustrates another impact of immigration on minorities. It states that due to the city's "dire financial condition," the city faces an "enormous challenge" in providing housing for the poor (p.97), 61% of whom are minority (p.6). And yet the report also discusses the housing pressures arising from a burgeoning immigrant population (pp.57-58), with its "huge need" for not only ordinary housing services, but especially bilingual housing services. Again, since funding for housing is fixed, if not dwindling,<sup>18</sup> one sees a direct negative impact on African-

<sup>13</sup> *New Republic*, January 30, 1995.

<sup>14</sup> *San Francisco Examiner*, September 8, 1994.

<sup>15</sup> *San Francisco Examiner*, August 10, 1994.

<sup>16</sup> *Atlantic Monthly*, October 1992.

<sup>17</sup> *San Francisco Mayor's Office of Housing*, November 5, 1993.

<sup>18</sup> This was also emphasized in an interview by the author with Ted Dienstfrey, Director of the Mayor's Office of Housing, June 29, 1994.

Americans and other minorities (some of the latter are themselves earlier-arriving immigrants).

In the midst of this worsening fiscal crisis, the city announced that it would spend \$23 million on rebuilding the International Hotel in Chinatown, to provide subsidized housing, largely for elderly immigrants.<sup>19</sup> Many, if not most, of those immigrants have well-off children.<sup>20</sup>

#### 4.4 Health Care

Though there is much debate over whether immigration in general is a net fiscal gain or drain (see Appendix), there is no question in the case of illegal immigration; all analysts agree that there is a drain here. This then negatively impacts the quality of health care for minorities.

Some light is shed on the matter by California's Proposition 186, the single-payer health plan on the same ballot as Prop. 187. One of 186's proponents, Dr. Floyd Huen, said during the campaign that 186 would have been especially helpful to minority groups, since many minorities lack employer health coverage.<sup>21</sup> It is thus significant that Dr. Huen stated that the measure excluded undocumented people, because "otherwise the cost would be tremendous, and we wouldn't be able to provide benefits for the legal residents."

<sup>19</sup> *San Francisco Examiner*, September 8, 1994.

<sup>20</sup> See articles by the author in the *New Democrat*, November 1994, the *National Review*, February 21, 1994 and the *Sacramento Bee*, December 14, 1994.

<sup>21</sup> Huen, making the remarks on the Chinese-language television program *Chinese Journal* on Channel 26 in San Francisco, noted that many of those who live or work in Chinatowns do not have coverage. Also, according to the *Sacramento Bee* (November 10, 1994), nearly 40% of Latinos are not covered.

#### 5 Diminished Attention Given to Native-Born Minority Problems

The heavy influx of immigrants is resulting in rapid shift of political power away from African-Americans to Asian and Latino immigrants.<sup>22</sup> In government, the press and other institutions, there is a general (though sometimes unconscious) treatment of minorities as forming a kind of hierarchy, with immigrants occupying a higher position than blacks, and within the immigrant category Asians occupying a higher position than Latinos.

What is most disturbing about this trend is that African-Americans, previously central in the thoughts of those who wish to improve conditions for minorities, are simply being forgotten. Just as the Asians have become the Model Minority, blacks are becoming the Forgotten Minority.

Here is a sampling of examples:

- A number of blacks are souring on the idea of affirmative action, claiming that many firms are hiring immigrant Asians and Latinos (the "preferred minorities") instead of blacks to fulfill affirmative action requirements.<sup>23</sup>
- Mabel Teng, a Chinese immigrant who at the time was a member of the San Francisco Community College Board, boasted how the lobbying of the Chinese American Democratic Club had resulted in no layoffs of high-level Asian-American college administrators during the city's fiscal crisis. Meanwhile several African-American administrators had been laid off.<sup>24</sup>

<sup>22</sup> See Peter Schuck, *Current*, January 1994.

<sup>23</sup> *Cleveland Plain Dealer*, December 19, 1993.

<sup>24</sup> *Asian Week*, October 14, 1994. A number of African-Americans were angered both by the city's apparent discrimination, and also by Teng's insensitive boasting. The fact that Teng had previously been active in Jesse Jackson's presidential campaign made her insensitivity doubly hard to take.

- Monterey Park, a Los Angeles suburb, has received an large influx of Chinese immigrants, mainly from Taiwan, since the late 1970s. Long time Latino residents of the city (most of them native-born) were angered recently when the Spanish-speaking priest at St. Thomas Aquinas Catholic Church was replaced by two Chinese-speaking priests.
- After Chinese- and other Asian-American advocacy groups claimed that affirmative action admissions programs for blacks and Latinos at the University of California at Berkeley made it more difficult for Asian-American applicants to be admitted, a Chinese-American, C.L. Tien, was appointed as chancellor of the campus. While Tien is well-liked and is doing well as chancellor, his appointment was taken by all parties concerned to be motivated primarily to mollify the Asian critics of the university. A second Chinese-American chancellor was subsequently appointed at UC Santa Barbara. Yet there has never been an African-American chancellor at any UC campus, and there has been only one Latino.
- Current congressional and Clinton administration proposals to place restrictions on immigrant eligibility for welfare are motivated in part by the fact that many well-off/professional immigrants are sponsoring their elderly parents to immigrate and then placing the parents on welfare, reneging on promises to financially support the parents.<sup>25</sup> Asian and other immigrant advocacy groups have lobbied heavily against closing the loopholes which allow this. Yet even the most draconian of the current proposals would still give the immigrants full freedom to put their parents on welfare as soon

as the latter become naturalized citizens.

In other words, these welfare bills will rush a functionally illiterate African-American single parent off welfare while still allowing the parents of a Chinese immigrant couple, both computer engineers with a combined income well over \$100,000, to continue to get welfare, in spite of the couple's promise to support the parents. This inequity is not deliberate, but it arguably does exemplify the rise in power of the Asian immigrant advocacy groups, and the dwindling influence of black advocates.

- Another potential case which is similar to the last one, but features a more direct illustration of the prioritizing we are discussing here, arose recently in Alameda County in the San Francisco Bay Area. A majority on the county board of supervisors originally supported a proposal to deny welfare to immigrants with well-off sponsors (*San Francisco Chronicle*, September 14, 1994), but then reversed itself and dropped the proposal (*San Francisco Chronicle*, October 26, 1994). Yet it then took up consideration of a proposal to cut funding for senior community centers serving the poor, mainly black and Latino.<sup>26</sup>
- During the 1994 election campaign, nightly television news reports of California's Proposition 187 on illegal immigration repeatedly showed dramatic pictures of Mexicans climbing over border fences. Yet there was not even one picture, to my knowledge, of the many Chinese coming in illegally on boats in 1993, scenes which were certainly on file in TV newsrooms and which would have been equally dramatic.<sup>27</sup>

<sup>26</sup> *Oakland Tribune*, November 1, 1994).

<sup>25</sup> See articles by the author in the *New Democrat*, November 1994, the *National Review*, February 21, 1994 and the *Sacramento Bee*, December 14, 1994.

<sup>27</sup> Ironically, it was those dramatic pictures which brought national attention to the problems of illegal immigration, and which helped to galvanize the movement which led to Prop. 187.

- Peter Skerry reports that positions as aides to a city councilman representing traditionally-black South Central Los Angeles which had previously gone to blacks are now filled by Latinos.<sup>28</sup>
- In 1992 Congress passed the Chinese Student Protection Act, which in effect gave mass political asylum to all students from China studying in the U.S. during the 1989 demonstrations in Beijing. This "protection" was unnecessary, as pointed out by Sidney Jones, executive director of Asian Watch/Human Rights Watch; only a small percentage of students needed asylum, and those few could have used regular political asylum channels, without the Act.<sup>29</sup> The Act, ostensibly written to protect those who faced arrest if they were to return to China, contradicted itself by including in its coverage those who *had* returned to China (and had then come back to the U.S.).  
Yet at the same time, Congress turned down a rider to the bill, which would have extended temporary residence to Haitian refugees. In other words, 80,000 Chinese were offered permanent residence, while 11,000 black Haitians could not even get temporary residence.
- The 1990 Immigration Act instituted, and Congress and the President renewed in 1999, the "McDonald's" program, which allowed foreign students in American colleges to work off campus, typically in low-skilled jobs such as fast-food preparation. This clearly leads to at least some degree of job displacement of low-income minority youth. In other words, foreign students, typically Asian and frequently using their American studies as step-

pingstones to immigration, are being allowed to compete for jobs with our nation's black and Latino poor.

- Asian and Latino political organizations are becoming increasingly focused on immigrant issues, with less attention given to issues which traditionally have been the concerns of native Asian and Latino Americans. For example, the recent *Clinton Report Card* published by the Organization of Chinese Americans is dominated by immigrant issues. When asked what his organization is concerned with, Henry Der, executive director of Chinese for Affirmative Action, answered "First and foremost, immigration"; only later did he cite issues of interest to native-born Chinese-Americans, such as job discrimination.<sup>30</sup>
- The hierarchy being described here, with Asians higher on the totem pole than Latinos, and immigrants higher than native blacks, is sometimes even promoted by ethnic civil rights activists. The August 1993 newsletter of the Oakland chapter of the Organization of Chinese Americans (OCA) featured a disturbing editorial in this regard. The editor, Peter Eng, writes that  
 "...[A]s an ethnic community group, Chinese Americans will have to separate and distance ourselves from other ethnic immigrant groups...Chinese Americans have distinguished themselves in business, science, government, etc...[whether] we were illegal or legal immigrants had no perceptive effect...we have more than paid our fair share in taxes to fund the cost of the little public assistance given for our people<sup>31</sup>...perhaps we should advocate a voucher system, where the

<sup>28</sup> *Mexican-Americans: the Ambivalent Minority*, Peter Skerry, Free Press, 1993, p.82.

<sup>29</sup> *US News and World Report*, September 20, 1993. *San Jose Mercury News*, June 3, 1993. "The Coupling of Green Cards and MFN for China," Norman Matloff, *San Francisco Examiner*, May 20, 1994.

<sup>30</sup> Interview with the author, March 23, 1994.

<sup>31</sup> Contrary to Eng's claim, the percentage of elderly Chinese immigrants on welfare is the highest of all major nonrefugee immigrant groups. Of elderly Chinese immigrants who came to the U.S. during 1980-1987, 55% were on welfare in 1990.

taxes designated for public assistance paid by Chinese Americans should be placed in a special fund to be dispensed to our people as desired..."

Eng then goes on to say that while restrictions on illegal immigrants from Mexico would be fine with him, he is opposed to broadbrush legislation which includes "all immigrants, favorable or unfavorable to this country. It has been my contention all along that this country has benefited economically, politically and socially by allowing Chinese immigrants to migrate to this country, whether legal or illegal."

As OCA is a civil rights organization, such comments are particularly troubling, especially coming from a chapter in such a minority-rich region as the San Francisco Bay Area.

Even Henry Der of Chinese for Affirmative Action, who usually strongly supports blacks and Latinos, made similar comments in the author's interview with him: "We could even take more Chinese immigrants if that was permitted. But that is not going to happen, because Chinese immigrants are broadstroked with [all other immigrant groups]."

- Bilingual education has become a political icon among Asian and Latino political activists. Yet their work in this direction—and the positive response given to them by government agencies regarding it—angers many urban black parents, who believe that their children's education is being diluted by the forced bilingual environment their children are subjected to.<sup>32</sup> The black parents' protests appear to be fruitless.

Whether or not the parties involved here have good intentions, the bottom line is

<sup>32</sup> *U.S. News & World Report*, November 7, 1994. It should be noted that many Asian and Latino immigrant parents do not want bilingual education for their children either.

that high levels of immigration have resulted in a hierarchy in treatment of minorities by government and the media, with the following features:

- blacks losing influence to immigrant Latinos and Asians
- native Latinos and Asians losing influence to immigrant Latinos and Asians
- Latinos losing influence to Asians

Clearly, this is an extremely unhealthy situation.

## 6 A Wish for Relief

Poll after poll in recent years has shown that minorities recognize these adverse impacts, and wish for relief, in the form of reduced levels of both legal and illegal immigration. The Latino National Political Survey in 1992, for example, found that up to 84% of Mexican-Americans agreed with the statement that "There are too many immigrants."<sup>33</sup>

This emerged too in California's Proposition 187, which though focused on illegal immigration, was to many a referendum on legal immigration as well. Political pundits, who were portraying Prop. 187 as pitting whites versus non-whites, were shocked by the strong support among minority groups for the measure. Exit polls taken by the Associated Press showed strong majorities of African Americans (56 percent) and Asian Americans (57 percent) for the measure, percentages approximately equal to the vote for 187 in the general population (59 percent). In pre-election polls two months earlier, more than half of Latinos supported the proposition, and in spite of extremely heavy campaigning by the Spanish-language media and Latino community workers, about a third of Latinos still ended up voting for the measure.<sup>34</sup>

<sup>33</sup> *Hispanic magazine*, April 1994.

<sup>34</sup> The pundits were confounded by other seeming

## 7 Remedies

It should be emphasized again that most of the problems described here arise from both legal and illegal immigration. We will outline some possible remedies on both of these fronts.

### 7.1 Legal Immigration

Current national policy on legal immigration has three central tenets: to reunify families; to alleviate labor shortages; to provide political safe haven. All three of these goals are widely flouted. For example:

- Most of those who come to the U.S. under the auspices of family reunification do so non-family reasons, usually economic.<sup>35</sup>
- As noted earlier, the computer and electronics industries continue to sponsor foreign engineers for immigration, in spite of a labor surplus.<sup>36</sup> Softpac of Austin, Texas estimates that the software industry needed approximately 40,000 new workers in 1994. This is less than the 51,000 new computer science graduates our universities produced. Yet the number of foreign computer programmers granted work visas in 1994 exceeded 30,000.
- In 1992 Congress passed the Chinese Student Protection Act, giving mass political asylum to tens of thousand

anomalies as well. Fifty-six percent of those in Los Angeles County, for instance, voted for 187, a proportion close to the statewide figure. Yet Art Torres, a Latino candidate for state insurance commissioner, won in Los Angeles County (51 percent) but lost statewide (43 percent). If voters in the county were anti-Latino, as the pundits presumed from the voters' support of 187, why did those voters choose a Latino for insurance commissioner?

<sup>35</sup> *Making and Remaking Asian America Through Immigration, 1850-1990*, by Bill Ong Hing, Stanford University Press, 1993, pp.106-107, and also Min Zhou in *Chinatown*, Temple University Press, 1992, pp.50-54.

<sup>36</sup> See earlier citations.

of students from China who were in the U.S. during the 1989 protests in Beijing. As noted earlier, the vast majority of the students did not need this protection, and those who did need it could have applied for asylum individually.<sup>37</sup>

This is not to say that no legal immigrants ever are motivated to immigrate primarily because they miss their family members, or that no employer-sponsored immigration is ever warranted, or that no applicant for political asylum genuinely needs protection. But the fact is that our immigration policy is very often working counter to its noble goals, and a thorough overhaul is in order.

In order to reduce the adverse impact of immigration on minorities, both native-born and earlier immigrants, the author recommends:

- (a) The yearly quotas for legal immigration should be reduced to levels which will not exacerbate current economic and social problems.
- (b) The central tenets underlying immigration policy should be re-examined and revised.
- (c) We should "end bilingual education as we know it."
- (d) Immigration policy should require, as a condition for being granted immigrant status, that persons over age 12 have a conversational knowledge of English.<sup>38</sup>
- (e) As a condition for being granted immigrant status, each adult should be required to learn about American sensibilities regarding respect between races and between genders.<sup>39</sup>

<sup>37</sup> See earlier citations.

<sup>38</sup> We will not discuss details of policy or implementation here, but there are many workable approaches that could be used.

<sup>39</sup> This is not hard to implement. For example, a short presentation could be given at INS offices when people come to apply for green cards.

The rationale for recommendations (a), (b) and (c) should be clear from points made earlier in this report.

Recommendation (d) is perhaps more startling. However, it is both reasonable and feasible. It would help reduce the job-competition problems imposed by later-arriving immigrants on earlier-arriving ones, by broadening employment opportunities beyond the immigrant enclave economies. It would aid in the implementation of recommendation (c). It would reduce some fiscal problems (recall, for instance, the cash-strapped San Francisco city government's noting that there is a "huge need" for bilingual housing services). And, perhaps most importantly, it would help reverse some current trends away from assimilation.

Most immigrants do come to the U.S. for a better economic life. Learning a minimal level of English would be a small price to pay for that privilege, and I submit that the immigrants would readily agree to such a condition. It should also be noted that most immigrants must undergo a period of up to ten years of waiting before receiving their immigrant visas; thus they would have more than adequate advance opportunity to develop English skills.

Recommendation (e) is just as important as the others. Most immigrants come from monoracial societies which do not have traditions of racial tolerance and mutual respect. In addition, many immigrants come from societies in which there are severe problems regarding the status of women.

Again, there are no villains here; people are, after all, products of the societies in which they live. When discussing negative attitudes harbored by many Chinese immigrants toward African-Americans, Henry Der of Chinese for Affirmative Action,<sup>40</sup> points out immigrants "are not educated in the American context," in which mutual respect among

racism is at least a goal, if not a reality.

But the damage that results from this problem is real. For example, the role black perceptions of Korean immigrant racism toward blacks played in the 1992 Los Angeles riots is described in *The New Asian Immigration in Los Angeles and Global Restructuring*, ed. by Paul Ong et al, Temple University Press, 1994.

The author has received positive reactions to recommendation (e) (or variations of it) from several immigrant advocates with whom the author has discussed it.<sup>41</sup>

## 7.2 Illegal Immigration

Rather than make recommendations, the discussion here will be restricted to comments on the feasibility of recent proposals to reduce the level of illegal immigration:

- Increased border patrols. These have obvious value, but cannot be a full solution to the problem, as immigrant advocacy groups themselves have conceded.<sup>42</sup> Both Attorney General Janet Reno and INS Commissioner Doris Meissner strongly assert this as well.<sup>43</sup> Sylvester Reyes, chief of the El Paso sector of the Border Patrol, has said, "We're never going to seal off this border, not 100%, not ever," said Silvestre Reyes. "It's unrealistic to think we can."<sup>44</sup>

Immigrant advocates also concede that at least 30% of the illegal aliens originally cross the border legally, say on tourist visas, and then live here illegally after the visas lapse.<sup>45</sup>

<sup>41</sup> E.g. immigration attorney Mark Silverman of the Immigrant Legal Resource Center in San Francisco, Professor Bill Flores of the California State University at Fresno, and Rosemarie Fan of the Oakland Chinese Community Council.

<sup>42</sup> *Sacramento Bee*, December 17, 1993.

<sup>43</sup> *San Francisco Chronicle*, October 29, 1994.

<sup>44</sup> *Los Angeles Times*, July 3, 1994.

<sup>45</sup> As pointed out by Yeh Ling-Ling of the Carrying Capacity Network, a computerized system is needed to track those who enter with temporary visas.

<sup>40</sup> Interview with the author, March 23, 1994.



- Enforce minimum-wage and other labor laws. This is obviously desirable. However, it must be kept in mind that most illegals, at least Latino ones, make more than minimum wage.<sup>46</sup>
- Deny education and public services to illegals. This of course, is what made California's Proposition 187 so controversial. From a pure feasibility point of view, though, many specialists on Mexico indicate that it could be effective. The *Los Angeles Times* of November 10, 1994 quoted Mexico's Undersecretary of Regional Development Enrique del Val as saying, "If those services [education and health care] are denied them there, they will come back." The December 7, 1994 issue of the *San Francisco Bay Guardian* featured an article by Mexican analyst John Ross, author of *Rebellion from the Roots: Indian Uprising in Chiapas*, who says that validation of 187 by the courts would result in "igniting the return of [possibly] as many as a million [Mexican] citizens from California." In discussions between the author and participants at the Western Farmworker Advocates Conference in November, 1994, there was apparent agreement with the notion that, at least, undocumented Mexican men would not bring their wives and children with them to the U.S. if services were not available, though the men themselves might still come.<sup>47</sup> Note, however, while this would solve some of the fiscal problems caused by illegal immigration, it may not solve some of the problems of job competition.

- Set up a tamperproof work identification card, backed up by a computer database, as proposed by the Commission on Immigration Reform. This would be helpful, but one must realistically presume that unscrupulous employers, often of the same ethnicity as their illegal workers and knowing how to intimidate them, will continue to ignore such requirements.

## A Impact of Immigration on the Economy

### A.1 Barriers to Insight

First, the basic question of immigration's impact on "the" economy is flawed to begin with. Instead of viewing the economy as a monolith, one should recognize that immigration's impact produces both winners and losers. For instance, an increase in the labor supply helps the owner of a Chinatown sewing factory by reducing wages, but hurts Chinese-American workers for exactly the same reason. Or, as pointed out earlier, immigration to San Francisco is a boon to bilingual people who wish to become teachers, but results in a degraded quality of education to the children.

Second, as the father of modern economics, John Maynard Keynes, once joked, "You could lay all the economists of the world end-to-end, and they would never reach a conclusion." This is doubly true for economic analyses of immigration, for two main reasons.

First, an economist's analysis is often colored by his/her political views, and this is exacerbated in the case of emotional topics involving race, such as immigration.

Second, and even more important, most analysts, though they may be fine statisticians, do not live in immigrant communities, and thus do not know how to interpret the statistics they gather—or even

<sup>46</sup>David Heer, *Undocumented Mexicans in the United States*, Cambridge University Press, 1990, pp.204-205, notes that most undocumented men make more than minimum wage, and notes elsewhere (p.145) that most of the undocumented women are not in the workforce. Similar comments were also made by *La Opinion* columnist Richard Rothstein in *Dissent*, Fall 1993, and in a personal communication to the author.

<sup>47</sup>In particular, denial of educational services would not result in the development of a population of illiterate undocumented children in the U.S.

which statistics to gather. This results in misinterpretations and faulty conclusions.

Thus one should be very careful when evaluating any economic analysis of immigration, both pro or con.

## A.2 Job Creation by Immigrants

Immigrant advocates claim that immigrants (legal and illegal), through entrepreneurship and consumerism, are creating many jobs for native-borns. This is a serious oversimplification.

Immigrant entrepreneurs tend to operate within immigrant communities, and thus they tend to hire other immigrants, not native-borns. Similarly, immigrant consumers tend to patronize immigrant-owned businesses.

Consider a hypothetical Mrs. Chan, an immigrant from Hong Kong living in Milpitas in the South San Francisco Bay. On a typical day, she might go to a local Chinese shopping mall. There she might patronize a Chinese grocery, have a nice noodle lunch at a Chinese restaurant, stop by the Chinese bookstore and finally rent a Chinese movie from a video shop there.

All of the employers and employees she encounters there at the Chinese mall will be Chinese. And the mall itself is likely to have been financed by a Chinese bank, and built by a Chinese construction company. The businesses in the mall are likely to have bought their capital equipment, such as stoves, telephones, computers, and so on, from other Chinese businesses as well.

Similar statements hold for businesses not owned by immigrants. The jobs created by immigrants in those businesses are again likely to be held by other immigrants of the same ethnicity. For example, our hypothetical Mrs. Chan, upon returning home, may be called by a Chinese phone canvasser from MCI, soliciting her long-distance patronage. If Mrs. Chan then decides to make MCI her long-

distance carrier, she will then be talking to Chinese operators when she needs operator assistance. MCI will make sure to hire Chinese immigrants for these positions, both because Mrs. Chan may not speak English and also because MCI believes, correctly, that Mrs. Chan will feel more comfortable with them.

Thus a substantial proportion of jobs created by immigrants are held by other immigrants, not native-borns. To be sure, this does not mean "all" such jobs. Our Mrs. Chan, for instance may well visit Macy's after she leaves the Chinese mall, thus providing some jobs for natives (as well as for other immigrants). And her American-born children are patronizing McDonald's, Blockbuster Video and so on.

But the point is that though some jobs for native-borns are created as a result of immigration, native-borns at the same time have been found to be displaced from jobs. The net effect, positive or negative, is unknown—and indeed is unknowable, given the extreme complexity of the situation.

## A.3 Effect on Consumers

One might argue that the lowering of wages resulting from immigration is at least a boon for consumers. Yet as pointed out by Rice University economist Donald Huddle, the consumers are in effect paying high prices for those goods via taxes, due to the higher rate of government services used by immigrants (see below). Thus the boon is to the employers, not consumers. Huddle notes, "If you add in the social costs, those jobs would have a very high wage. It's basically a free ride for the employer, with the taxpayer picking up the difference."<sup>48</sup>

<sup>48</sup> *Fresno Bee*, November 6, 1994.

#### A.4 Use of Welfare Services

Immigrant advocates state that "Illegal immigrants come here for jobs, not welfare. Also, they pay more in taxes than they receive in services." This is misleading in multiple senses.

First, it must be noted that in general, statistics about immigrant use of welfare tend to be (intentionally or unintentionally) distorted, in many ways.

For example, the immigrant advocates often state that illegal immigrants are ineligible for most welfare services. What they omit is the fact that the illegals receive welfare via their U.S.-born children, who are U.S. citizens and thus eligible for all services.<sup>49</sup> This produces a serious distortion in statistical comparisons of immigrants (both legal and illegal) with native-borns, since welfare usage by those "citizen children" gets counted on the native side of the accounting ledger, as opposed to the immigrant side, where it should be.

Another common source of distortion arises from restricting statistics to immigrants of working age. This ignores the fact that welfare usage by elderly legal immigrants skyrocketed by 400% in ten years.<sup>50</sup>

For these reasons, it is more realistic to use a household basis for analysis. The 1990 Census data show that about 12% of immigrant-headed households in California contain at least one person on welfare, versus about 8% of the native-headed households.<sup>51</sup>

Moreover, there is a larger issue: Claims based on narrowly defining "services" to include only welfare ignore the fact that our taxes go to many things besides wel-

fare, such as schools, roads, hospitals and so on, and this must be taken into account. In other words, to gauge the fiscal impact of immigrants, it is misleading to simply compare taxes paid to welfare used.

However, for illegal immigrant families, even this overly simplistic comparison shows a fiscal loss. Studies show that the average undocumented couple has an income of around \$10,000 per year.<sup>52</sup> They will pay little or no income tax in this bracket, and perhaps a few hundred dollars in sales and other miscellaneous taxes. Yet each of their children will use at least \$4,500 in state and other tax monies per year for schooling (over \$6,000 if the child has limited proficiency in English). Even without factoring in Medi-Cal, AFDC, etc., it is clear that this family will produce a sizable fiscal loss. Medi-Cal and AFDC make the situation even worse.

Undocumented people come to the U.S. mainly for economic reasons. This of course includes jobs, but it also includes welfare. Some immigrant advocates and ethnic community leaders now admit that welfare is a magnet which attracts many elderly legal immigrants to the U.S.<sup>53</sup> It would be reasonable to assume from this that a number of illegal immigrants also find welfare attractive. In any case, as seen above, incomes of illegal families are so low that they are forced to turn to welfare to make ends meet, even if that was not their original intent.

<sup>49</sup>Some illegals also get welfare via the use of fraudulent residence documents.

<sup>50</sup>*Washington Post*, December 19, 1993.

<sup>51</sup>See for example "Immigrants in California: Finding from the 1990 Census," Hans Johnson, California Research Bureau, 1993. Here "immigrant" refers to both legal and illegal immigrants; the Census data do not distinguish between the two kinds.

<sup>52</sup>See the David Heer reference, p.155.

<sup>53</sup>See for example: Yvonne Lee of the Coalition of Asian Pacific Americans, Cantonese Evening News, KTSF, Channel 26, San Francisco, June 15, 1994; the *Clinton Report Card*, compiled by the Organization of Chinese Americans (July 1994); Dr. Lester Lee, former member, University of California Board of Regents, *Asian Week*, December 16, 1994.

Mr. SMITH. Dr. Skerry, would you continue, and during your opening remarks would you cover a question that I have, which is, does the extent of the immigration that we have in the United States today, particularly illegal immigration, have an impact on race relations in our society?

And let me say to all the panelists who are here how much I appreciate your presence.

I am going to have to leave shortly, and when I leave, Mr. Bryant will continue the hearing.

#### **STATEMENT OF PROF. PETER SKERRY, WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS**

Mr. SKERRY. Thank you, Mr. Chairman.

It is nice to be here. It is—you may recall, I first met you several years ago when I was beginning a study of Mexican-American politics in San Antonio. I met you in your office in the Bexar County Courthouse.

I might also say under different auspices, I had a very pleasant conversation with Mr. Becerra a few years ago.

No one ever accused me of sitting in front of a computer. My focus this afternoon is on the political implications of illegal immigration. This is a widely overlooked and troubling repercussion for immigrant groups, minorities and Americans, generally. My examples will deal primarily with illegal immigrants from Mexico.

This is for two reasons: I am more familiar with this group from my research; and two, Mexico is far and away the single largest source of illegal immigrants in the United States today. Still, the thrust of my comments applies to other immigrant groups with large proportions of illegals.

You have already heard about the economic effects of illegals on minorities. At this point, I would add only that there are negative social impacts of large-scale immigration, legal as well as illegal, on established Mexican-American communities. Let me quote one prominent Mexican-American leader. "Time and again, just as we have been on the verge of cutting our bicultural problems to manageable proportions, uncontrolled mass migrations from Mexico have erased the gains and accentuated the cultural indigestion." Reflecting the belief that large numbers of immigrants, particularly illegals, undermine those Mexican-Americans struggling for acceptance into the mainstream of American life, this observation was made by George I. Sanchez, a prominent Mexican-American educator and political activist. I must also tell you that Sanchez said this in 1966 at a time when, according to University of Texas political scientist Rodolfo de la Garza, "Mexican-American leaders were among the most vociferous of the opponents to continued Mexican immigration."

I will also tell you while the factual validity of George Sanchez' observation has not changed, I know of no Mexican-American leader who would make it today. Indeed, most have adopted an open-border stance, in my opinion, in direct opposition to such statements of Dr. Sanchez'.

Explaining the sea of change in the politics of immigration, especially illegal immigration, is what I now turn to quickly. Perhaps the most critical factor in accounting for this change in stance is

the Voting Rights Act and similar affirmative action initiatives that now reward Mexican-American leaders not so much for their group's clout at the polls, but for their population totals at census time.

Indeed, the affirmative action logic now pervading American politics means that steadily increasing numbers of Mexican immigrants, illegal or legal, increase demands for steadily increasing quotas for Latino employees, Latino majority electoral districts, and Latino officeholders. But the gains so achieved through the Voting Rights Act are less than meet the eye.

For example, in the newly created district from which Gloria Molina was elected to become the first Mexican-American since 1875 to sit on the L.A. County Board of Supervisors, less than 5 percent of the huge district's residents actually voted. Reflecting a surprising low interest in an election that received national and international attention, this figure also reflects the low proportion of Hispanics eligible to vote in Los Angeles.

When created in 1990, Molina's district contained roughly the same number of inhabitants, 1.8 million, as the other four supervisorial districts. But in terms of voting-age citizens, there were glaring discrepancies. For example, while the predominantly Anglo third supervisorial district had approximately 1.1 million voting-age citizens, Molina's district had only 708,000.

Some observers argue that such disparities violate the one-person-one-vote principle, but I am not making that point here today. Mine is that such numbers demonstrate that there are not always enough voting-age Hispanic citizens to go around.

For example, in 1981, when Hispanics constituted 28 percent of the population of L.A. County, it was simply not possible to draw a supervisorial district with a Hispanic voting majority. When the new district was finally created in 1990, Hispanics constituted 71 percent of its overall population, but only 59 percent of its voting-age citizens and just 51 percent of its registered voters.

More generally, the Field Institute reports that in November 1992, Hispanics constituted 27 percent of California's total population but only 10 percent of the electorate. And while about a fifth of that gap was due to the relatively high proportion of Hispanics under voting age, more than half was due to noncitizenship.

Under these circumstances, Hispanic majority districts carved out under the Voting Rights Act are so packed with illegal immigrants and other noncitizens that, borrowing the British term, I call them "rotten boroughs," electoral districts with large and growing numbers of constituents unable to vote. Indeed, in most cases, Hispanics are so residentially dispersed that noncitizens and illegals, who tend to be less well off and less geographically mobile and dispersed than other Hispanics, are relied upon by those looking to assemble Hispanic majority districts.

There are some obvious questions of accountability that arise when officeholders' constituents can't vote. To put it bluntly, illegal immigrants make ideal constituents. They have needs that require representation, yet they are politically passive and virtually inert.

One of your former colleagues, Representative William Ford, put it well. Drawing an analogy between having illegal aliens in one's district and a Federal prison, he observed: "I get a free ride in my

district because I have a Federal prison. The Federal prisoners cannot vote, but they get counted on census day."

Still Congressman Ford's analogy is misleading. Hispanics are hardly in jail nor are they, as is commonly argued, locked in barrio enclaves by leaders trying to maintain control over them. On the contrary, the evidence indicates that Hispanics are assimilating at a fairly impressive rate. Hispanic leaders know this perfectly well and understand the powerful forces drawing their people into the American mainstream, which is precisely where immigration comes in. Continuing infusions of newcomers, especially illegals, sustain the counted but nonvoting populations that many such leaders have come to rely on to maintain their visibility. Moreover, for leaders concerned to portray Mexican-Americans as a disadvantaged, discriminated-against minority, the continuous arrival of poor, uneducated immigrants serves precisely this purpose.

Certainly, the proliferation of overcrowded barrios where not a word of English is spoken masks the assimilation that is in fact occurring and leads to the mistaken conclusion that Hispanics deserve efforts like affirmative action and the Voting Rights Act. Of course, the irony here is that the political weakness that the Hispanic leaders claim is the result of discrimination is much more the result of noncitizenship, which in turn is the consequence of their own dependence on mass immigration, including high levels of illegal immigration, to maintain their visibility and stance as aggrieved minority-group leaders.

A further irony is that high levels of illegal immigration are not necessarily in the interest of Mexican-Americans generally. You have already heard about the economic impacts. It is also true that illegal immigrants create a number of political problems. They are, obviously, difficult to organize for political purposes, and in precincts where the number of noncitizens rivals or exceeds the number of potential voters, registration drives resemble the proverbial hunt for a needle in a haystack. Even when a potential registrant is located, the odds are low that he or she will live in a household with many other eligible voters. Not surprisingly, the search then becomes as tiresome as it is inefficient and expensive. And this is assuming Mexican-American officeholders representing such rotten boroughs are eager to expand their bases beyond what is necessary to get reelected. My own research points in the opposite direction: that these rotten boroughs habituate Mexican-American politicians to their safe seats and passive constituents.

To be sure, through the Voting Rights Act illegal immigration has contributed to the increase in Hispanic elected officials, but these officials are certainly not viewed by their Anglo counterparts as colleagues capable of delivering substantial blocks of voters.

Now to conclude quickly let me point out that while I focused here on Mexican-American and Latino leaders and officeholders, the political dynamics I depict are not the result of any individual plotting or calculation. Mexican-American and other immigrant leaders are simply pursuing their legitimate political ambitions and goals within the institutions that have been set up for them. Moreover, Latinos are hardly the only beneficiary of the present system. For example, reliance on illegal immigrants to help create Hispanic majority rotten boroughs has resulted in safer Anglo, typically Re-

publican districts. On the other side of the aisle, rotten boroughs laden with illegal immigrants permit Democratic leaders to respond to the aspirations of a disadvantaged group without much risk of mobilizing thousands of new voters who would complicate the difficulty of assembling successful liberal coalitions.

Mr. BRYANT of Texas [presiding]. Mr. Skerry, we want to get to the questions as quickly as we can, so if you could give us your concluding statement, we will continue in the form of answering questions.

Mr. SKERRY. Yes, sir.

I think the thrust here is I am simply trying to point out that there are important political costs to illegal immigration that we typically overlook. Witness the attention paid here today to the economic costs of immigration. The way I would sum it up: The recent controversy over proposition 187 has reminded us all how vulnerable illegal immigrants are. But I would point out to you, I would hope we could learn from this that almost by definition, illegal immigrants are vulnerable. They don't participate in the political process. What I think we Americans must face up to is that for too long we have behaved like well-intentioned but overeager athletic coaches, putting inadequately equipped players on the field against the pros and then acted in dismay when the objects of our aspirations get injured.

[The prepared statement of Mr. Skerry follows:]

PREPARED STATEMENT OF PROF. PETER SKERRY, WOODROW WILSON INTERNATIONAL  
CENTER FOR SCHOLARS

My focus here this afternoon is on the political implications of illegal immigration. This is a widely overlooked, even ignored topic, but one with enormous and troubling repercussions for immigrant groups, minorities, and Americans generally. My examples and evidence will deal primarily with illegal immigrants from Mexico. This is for two reasons: (1) I am most familiar with this group from my own research and (2) Mexico is far and away the single largest source of illegal immigrants into the United States. Still, the thrust of my comments applies to other immigrant groups with large proportions of illegals.

You have already seen or heard about the negative economic effects of illegals on minorities. At this point I would add only that there are also negative social impacts of large scale immigration -- legal as well as illegal -- on established Mexican-American communities. Let me quote one prominent Mexican-American leader:

Time and time again, just as we have been on the verge of cutting our bicultural problems to manageable proportions, uncontrolled mass migrations from Mexico have erased the gains and accentuated the cultural indigestion.

Reflecting the belief that large numbers of immigrants,



particularly illegals, undermine those Mexican Americans struggling for acceptance into the mainstream of American life, this observation was made by George I. Sanchez, a prominent Mexican-American educator and political activist. I must also tell you that Sanchez said this in 1966, at a time when, according to University of Texas political scientist Rodolfo de la Garza, "Mexican American leaders were among the most vociferous of the opponents to continued Mexican immigration."

I will also tell you that while the factual validity of George Sanchez's observation has not changed, I know of no Mexican-American leader today who would make it. Indeed, most have adopted a virtual open borders stance in direct opposition to it. Explaining this sea change in the politics of immigration, especially illegal immigration, is what I now turn to.

Perhaps the most critical factor in accounting for this change in stance is the Voting Rights Act and similar affirmative-action initiatives that now reward Mexican-American leaders not so much for their group's clout at the polls, as for its population totals at census time. Indeed, the affirmative-action logic now pervading American politics means that steadily increasing numbers of Mexican immigrants -- illegal or legal -- translate into demands for steadily increasing quotas for Latino employees, Latino-majority electoral districts, and Latino officeholders.

To be sure, there is nothing new about immigrant leaders

relying on greater numbers to increase their clout. But in the past such leaders were obliged to translate raw numbers into organizational muscle in factories or at the polls. The difficulties of such tasks moderated their enthusiasm for massive immigration and the claims they could make on the polity. Today, Latino leaders encounter no such moderating influences. Their claims increase automatically with rising census counts, which of course include illegal as well as legal immigrants. In today's affirmative-action context, Hispanic leaders do not require voters, or even protesters -- only warm bodies that get counted.

But the gains so achieved through the Voting Rights Act are less than meet the eye. For example, in the newly created district from which Gloria Molina was elected to become the first Mexican American since 1875 to sit on the Los Angeles County Board of Supervisors, less than five percent of the huge district's residents actually voted. Reflecting surprisingly low interest in an election that received national and international attention, this figure also reflects the low proportion of Hispanics eligible to vote in Los Angeles. When created in 1990, Molina's district contained roughly the same number of inhabitants -- 1.6 million -- as the other four supervisorial districts. But in terms of voting-age citizens, there were glaring discrepancies. For example, while the predominantly Anglo Third Supervisorial District had approximately 1.1 million voting-age citizens, Molina's district had only 708,000.

Some observers, including Judge Alex Kozinski of the Ninth

Circuit Court of Appeals, argue that such disparities violate the one person-one vote principle. But I'm making another point, which is that such numbers demonstrate that there are not always enough voting-age Hispanic citizens to go around. For example, in 1981, when Hispanics constituted 28 percent of the population of Los Angeles County, it was simply not possible to draw a supervisorial district with a Hispanic voting majority. Significantly, none of the experts for the plaintiffs or defendants in the historic Garza case (which resulted in Molina's supervisorial district) ever argued otherwise. Moreover, throughout the 1980's creating a Hispanic voting-majority district remained problematic. When the new district was finally created in 1990, Hispanics constituted 71 percent of its overall population but only 59 percent of its voting-age citizens, and just 51 percent of its registered voters.

More generally, the Field Institute reports that in November 1992 Hispanics constituted 27 percent of California's total population, but only 10 percent of the electorate. And while about one-fifth of that gap was due to the relatively high proportion of Hispanics under voting age, more than half was due to noncitizenship. Under these circumstance, Hispanic-majority districts carved out under the Voting Rights Act are so packed with illegal immigrants and other noncitizens that, borrowing the British term, I call them "rotten boroughs" -- electoral districts with large and growing numbers of "constituents" unable to vote. Indeed, in most cases Hispanics are so residentially

dispersed that noncitizens and illegals (who tend to be less well-off and hence less geographically mobile and dispersed than other Hispanics) are relied upon by those looking to assemble Hispanic majority districts.

Obvious questions of accountability arise when officeholders' constituents cannot vote. To put it bluntly, illegal immigrants make ideal constituents. They have clear needs and interests that need representation. Yet they are politically passive and virtually inert. One of your former colleagues, Representative William Ford put it well. Drawing an analogy between having illegal aliens in one's district and a federal prison, he observed: "I get a free ride in my district because I have a federal prison. The federal prisoners cannot vote, but they get counted on census day."

Still, Congressman Ford's analogy is misleading. Hispanics are hardly in jail -- nor are they, as is commonly argued, locked in barrio enclaves by leaders trying to maintain control over them. On the contrary, the evidence indicates that Hispanics are assimilating at fairly impressive rates. Many are marrying Anglos, sometimes losing their Hispanic surnames. More generally, over time, from one generation to the next, there are significant gains in education and income. And as I have already noted, there is residential dispersion and movement up and out of the barrios. Hispanic leaders know this perfectly well, and understand the powerful forces drawing their people into the American mainstream. Which is precisely where immigration comes

in. Continuing infusions of newcomers, especially illegals, sustain the counted but nonvoting populations that many such leaders have come to rely on to maintain their visibility. Moreover, for leaders concerned to portray Mexican Americans as a disadvantaged, discriminated-against minority, the continuous arrival of poor, uneducated immigrants serves precisely this purpose. Certainly the proliferation of overcrowded barrios where not a word of English is spoken masks the assimilation that is in fact occurring -- and leads to the mistaken conclusion that Hispanics need and deserve efforts like affirmative action and the Voting Rights Act. Of course, the irony here is that the political weakness that Hispanic leaders claim is the result of discrimination is much more the result of noncitizenship, which is the consequence of their own dependence on mass immigration, including high levels of illegal immigration, to maintain their visibility and stance as aggrieved minority group leaders.

A further irony is that high levels of illegal immigration are not necessarily in the interests of Mexican Americans generally. The economic aspects of this have already been mentioned. Yet illegal immigrants also create a number of political problems. They are obviously difficult to organize for political purposes. And in precincts where the number of noncitizens rivals or exceeds the number of potential voters, registration drives resemble the proverbial hunt for a needle in a haystack. Even when a potential registrant is located, the odds are low that he or she will live in a household with many

other eligible voters. Not surprisingly, the search soon becomes as tiresome as it is inefficient -- and expensive. And this is assuming that the Mexican-American officeholders representing such rotten boroughs are eager to expand their bases beyond what is necessary to get reelected. Yet my research points in the opposite direction: that these rotten boroughs habituate Mexican-American politicians to their safe seats and passive constituents. To be sure, such officeholders do not typically rest content with their relatively weak positions, but to maximize their influence they do not typically seek out new voters but rather more immigrants.

To be sure, through the Voting Rights Act illegal immigration has contributed to the increase in Hispanic elected officials. But these officials are certainly not viewed by their Anglo counterparts as colleagues capable of delivering substantial blocks of voters. Indeed, by concentrating noncitizens in such highly visible districts, the problem of low Hispanic political participation gets highlighted, and the stereotype of Hispanics as politically passive gets reinforced. Moreover, by fostering the impression that significant political power is being acquired, these districts reduce the pressure for more substantive gains.

In conclusion, let me point out that while I have focused here on Mexican-American and Latino leaders and officeholders, the political dynamics I depict are not the result of any individual plotting or calculation. Mexican-American and other

immigrant leaders are simply pursuing their legitimate political ambitions and goals within the institutions that have been set up for them.

Moreover, Latinos are hardly the only beneficiaries of the present system. For example, reliance on illegal immigrants to help create Hispanic majority rotten boroughs has resulted in safer Anglo -- typically Republican -- districts. On the other side of the aisle, rotten boroughs laden with illegal immigrants permit Democratic leaders to respond to the aspirations of a disadvantaged group without much risk of mobilizing thousands of new voters who would complicate the difficulty of assembling successful liberal coalitions.

Indeed, I don't believe many of us have faced up to the political challenges posed by illegal immigration. For once here, illegal immigrants have interests that one way or another will find representation in the political arena. Especially in today's environment, where we expect the interests of all disadvantaged groups to be represented, any alternative seems unthinkable. But as often seems to be the case in America today our expectations outrun our ability to satisfy them. We are all prey to what my political science colleagues refer to as hyperpluralism, whose reigning assumption is that all groups be immediately and equally represented in the nation's social and political institutions and processes. But because not all groups are similarly situated, unrealistic expectations of representation necessarily result in formalistic responses.

Intending to promote the political power of the disadvantaged, we often end up settling for highly symbolic, even ritualistic representation. For Mexican Americans generally, illegal aliens among them in particular, our efforts to jump-start the process now threaten to short-circuit it.

Responding to the obvious limitations of current responses, some have called for the enfranchisement of noncitizens, even illegal immigrants -- at least in some jurisdictions and for some elections. I do not support such proposals, which would further devalue American citizenship. Yet they at least have the virtue of encouraging us to address squarely the political implications of illegal immigration.

A final point is worth making. The recent controversy over Proposition 187 revealed the extreme vulnerability of illegal immigrants. This vulnerability was certainly pointed to again and again by Prop 187's opponents, who nevertheless have typically been those most resistant to addressing the problems developing around illegal immigration. What I hope the controversy over Proposition 187 would help us all confront is that illegal immigrants are indeed, almost by definition, politically vulnerable, and that permitting such a large and growing group of politically inert individuals in our midst is bound to create problems -- for them and for us. What we Americans must finally recognize is that for too long we have behaved liked well-intentioned but imprudent athletic coaches who have put inadequately equipped and trained players on the field



against the pros -- and then reacted in dismay when the objects  
of our aspirations get injured.

Mr. BRYANT of Texas. Thank you very much.

I would first call upon Mr. Becerra for a round of questions.

Mr. BECERRA. Thank you.

Let me see if I can try to formulate these thoughts into questions. Some of the testimony I thought was very provoking.

Dr. Morris, let me see if I can ask this question—and actually I think it is kind of sensitive because I want to make sure I don't sound like I am either defending or offending anybody.

Mr. MORRIS. Don't worry about it. Go ahead. Just ask it.

Mr. BECERRA. In terms of dislocation which may occur and dislocation which may occur for disenfranchised communities—because it is more than just the black community that may be disenfranchised.

Mr. MORRIS. Sure.

Mr. BECERRA. In which way or another, whether it is by immigration or something else, would you agree that we have to look at those areas that have large levels of immigrants to take a look at the whole issue of dislocation that may arise as a result of immigrants? So Nebraska wouldn't be a place to look at if you want to take a look if blacks or other minorities have been displaced by immigrants?

Mr. MORRIS. Sure.

Mr. BECERRA. Los Angeles, Miami, New York, Chicago.

Mr. MORRIS. Right. Sure. Exactly.

Mr. BECERRA. Do you have any information in these areas where we have large levels of immigration, that the wages of African-Americans have changed dramatically from some point 20, 30, 40, 50 years ago to what they are now that can be attributed directly to immigrant displacement?

Mr. MORRIS. The closest is a study that was done of janitorial services in Los Angeles, where clearly the increase in the availability—I think probably a lot of illegal labor and the ability to contract that has really wiped out African-Americans in the janitorial, providing the janitorial services there.

Mr. BECERRA. Now—and I—

Mr. MORRIS. And there are probably others. I would like to be able to go back and then come back and send you something a little later on that.

Mr. BECERRA. Of course.

Mr. MORRIS. I think there are individual studies around the country.

Mr. BECERRA. Of course. I believe the chairman also mentioned—

Mr. MORRIS. I will also mention Los Angeles. You recall I mentioned in my paper that a couple years ago, right after the Rodney King riots, how you nearly had some other riots, how a number of the black groups prohibited and shut down some of the construction sites because they were using construction illegal labor and not hiring the labor that was in the area.

Mr. BECERRA. Let me correct you on that last point, because I lived there and was there in Los Angeles at the time. The construction sites that were closed down were not closed down because the people who were working were undocumented immigrants. They were closed down because the people were not black, and some of

the black community took offense because some of the people that were working there were Latino.

Whether they were citizens, illegal immigrants or undocumented, there was a rage at the time that there were African-Americans who would be displaced in south-central Los Angeles, and there was no one, as I understand it, that was checking to find out if the people that were working were legal or not. So workplaces were shut down, but not because necessarily the people that were working were undocumented.

Mr. MORRIS. I think their frustration, though, of the community was that no one was checking.

Mr. BECERRA. Absolutely.

Mr. MORRIS. I think it was not that. That was the charge, but no one was checking.

Mr. BECERRA. I want to make sure your statement is clarified, that there was no evidence that the people that were working that were not African-American were undocumented workers. I don't want to leave that impression, because that would be a very unfair impression to leave about those individuals who were working, who many were, in fact, found out to be citizens.

And by the way, I was going to mention earlier, I believe the chairman did mention that we do have up to 2 weeks to receive additional statements and information from the panelists, so please, if you have any additional information, we would like to see it.

Let me move to a different question and ask this of Dr. Matloff.

In regard to the statement that you made about what some of these economists might say and whether we should give much weight to what some of these studies have shown, is it your opinion that, for example, the testimony and the studies done by the folks that testified in the previous panel should be disregarded?

Mr. MATLOFF. Well, you know, I was afraid you would ask me that, because the answer is yes. It is a qualified yes. But I would say yes. It is a yes. The—

Mr. BECERRA. What should we look at if we should disregard that?

Mr. MATLOFF. I think, first of all, I dispute the question to begin with of—that is always raised, the impact on the economy. There is no such thing as “the” economy. There are winners and losers. The person that hires people at low wages in a factory, that boss is a winner. Other people are losers.

Mr. BECERRA. Let me ask you, Doctor.

If we are going to disregard the testimony and the studies done by those that previously testified, what should we turn to to make some good decisions on policy?

Mr. MATLOFF. Well, OK, I think, first of all, you have to look—several people said earlier when you have got so many people coming in, in a relatively short time, the rate of influx is high, a disruption to a system that would have been an equilibrium, let's say, it stands to reason that there is an impact.

Mr. BECERRA. Let me stop you there, because I know we can turn to reasons, but give me something that we can grasp.

Mr. MATLOFF. I have got a dozen examples in my written testimony where you can—which you can look at. I have got quotes from people who are immersed in the communities in question. I

urge people to read those and decide whether they have any validity.

Mr. BECERRA. Anything that you can provide us—and I ask this in a genuine fashion.

Mr. MATLOFF. Sure.

Mr. BECERRA. Anything you can provide us, if you think will give us a better understanding of the issue to come up with some policy. I appreciate it.

Dr. MORRIS.

Mr. MORRIS. I just want to say I think we should have a debate in this country as to whether we should be pursuing a low-wage industrial policy, and whether we should be opening our borders for a lot of workers to be coming in. Countries pursuing a high-wage industrial policy, like a lot of our competition, Germany, Japan, Europe, and others, really recognize a different set of policies on immigration.

I don't think that we should be pursuing, without a great debate, a policy that assumes we must reduce our wages to the level of China and Haiti in order to compete. We haven't had that great debate, and I think—our battles over immigration reflect that.

Mr. BECERRA. Mr. Chairman, if I can ask one last question, and actually I don't know if it is a question. I am going to have to formulate it into one, the thoughts I have. It goes to Dr. Skerry, because I think your comments perhaps were the most provocative in my mind, because you do an analysis of the Latino community, especially the Chicano community in California, of course, which I am a member of.

I find a lot of what you say very provocative, especially some of the comments with regard to discrimination; it is more an issue not of discrimination or the political weakness being more of a result not of discrimination but noncitizenship. While I agree it is difficult for a community that has 50 percent of its constituency being noncitizens to have political force, I do know that my father could not go into cafes and restaurants because it said no dogs or Mexicans allowed. So I want to make sure that that is clear, that there has been discrimination, there continues to be discrimination against groups that have been disenfranchised.

Your analysis I find intriguing, because I am not sure what your conclusion is with regard to the immigrants, those who come in with undocumented status. And perhaps I could just close with a question and ask you in terms of the undocumented population, just an open question, what would you propose, how do you see it as an issue, whether it is a problem or not. What do we do, in your mind?

Mr. SKERRY. About illegal immigration?

Mr. BECERRA. The undocumented immigration or the effect of immigrants that come in without documentation?

Mr. SKERRY. OK. If first I could respond to your first comment or—

Mr. BECERRA. Of course.

Mr. SKERRY. You originally mentioned when you first started asking questions that you found some of my comments very provoking, and then when you got to me, you said it was provocative. I take that as progress, and I appreciate the graciousness with which

you received what I said and understood that it was not directed at any individuals. I am talking, about a system here and how politics gets played out.

Mr. BECERRA. Point well taken.

Mr. SKERRY. OK. But I would, I think, take issue with the thrust of your first comment directed to me about discrimination that is visited upon Mexican-Americans today as an explanatory factor versus noncitizenship. I would be the last person, I hope, having spent a lot of time among Mexican-Americans in the last 10 years, to say that there is no discrimination experienced by Mexican-Americans.

However, my reading of all the evidence that we have today tells me that there has been an enormous change in the environment and in the obstacles and the discrimination that Mexicans-Americans experience between your father's generation and, say, your generation, or today's generation. Clearly there were all sorts of examples of negative discriminatory treatment visited upon Mexican-Americans in the early postwar era. But when we look at what is going on today in terms of residential mobility studies and in terms of advances that are made over time from generation to generation, in terms of education, income levels, I don't see the massive levels of discrimination that Mexican-American leaders and especially activists point to. So I would—I would respond that way.

Mr. BECERRA. You are familiar with the case of the individual in Pomona who was pulled over by the INS?

Mr. MATLOFF. The mayor.

Mr. BECERRA. The mayor of Pomona was pulled over.

Mr. SKERRY. Yes.

Mr. BECERRA. He was pulled over because he looked like some—he must have looked like an undocumented immigrant, whatever that looks like. He was about to be pulled into detention until he said to the INS officers, let me show you my badge, I am the mayor of Pomona.

Mr. SKERRY. I understand.

Mr. BECERRA. You are familiar with the case of two young ladies who walked into an ice cream parlor and were asked to provide documentation before they were serviced by the cashier?

Mr. SKERRY. I am not familiar with that example, but I am familiar with others like it. That is why I wouldn't say there is no discrimination. I said that it gets greatly exaggerated. And I would also respond specifically to those examples and would say to you that those are the problems that we have, that we deal with today, and that Mexican-Americans specifically have to deal with, because they bear the brunt of them, of dealing with our immigration problems.

But the word "discrimination" today has assumed an enormous weight and freight, if you will, and the political agenda, I believe, of Mexican-American leaders and activists is to use the word "discrimination" in a way that equates their experience with what Americans typically associate with the kind of discrimination that black Americans experienced in the South—in the pre-World War II era in particular. And once that equivalence is established, then Mexican-Americans and Latinos generally are argued to be in need

of the same kinds of extraordinary help that we have begrudgingly given to and offered to black Americans.

It is at that critical level that I would seriously disagree with you, that the kind of discrimination that you are talking about being visited upon the Mexican-American community is as severe as I think you are implying. That is not—that is, obviously, a controversial thing to say.

It is also not a pleasant thing to say, I might point out. This kind of comparing who has suffered more, who has been discriminated against more, is not a really—it is not a very pleasant business, and I don't feel entirely comfortable making those judgments. But it is now part of public policy, and we have to make these judgments, and we, in fact, have made them, and we are now beginning to open up this question again and weigh these things. So that is how I call it.

Mr. BECERRA. If I could just respond to that; I know my time has expired.

Mr. BRYANT of Texas. Take all the time you want to.

Mr. BECERRA. Thank you, Mr. Bryant. If I could just respond.

That is what I find so provocative or provoking about what you said. I don't think, and I would be interested for you to identify at some point, maybe now or later, the leaders in the Latino community that you say try to equate the discrimination being visited upon Latinos with that visited upon African-Americans. I don't—I don't try to do that. I don't think there is reason to do it. Discrimination is discrimination.

If you can't go into a restaurant because you are black or brown, you can't get a job, you don't get educated, you are not served ice cream because of what you look, it makes no difference what you are, black, brown, white, whatever the color, the circumstance, you are discriminated against.

I would be interested to learn why it is you say that the Latino community is trying to be as victimized as, in this case, the African-American people. I don't think that is the case. I think all we are saying, those of us in the Latino community, is don't discriminate, whether we are talking about the Latino community or some other community. Just don't discriminate.

And we don't—one group or another doesn't, I don't believe, wish to have more benefits, you know, reduce that victim label or not, I think that it is just more an issue of let's just get rid of discrimination. The problem is it is still there. Whether it is more intense for one population or another, I think that is—that is an academic argument. If there is discrimination, we should get rid of it for each individual.

So I just find your comments provocative, because I don't think they lend to the discourse in a way that—at least I think, gives a solid foundation for the arguments being made by those who are trying to deal with the issue of undocumented immigration and the effects of discrimination that result from people who go and say the undocumented are a source of our society's problems or ills. I should stop there. I know that Dr. Matloff has a comment.

Mr. MATLOFF. I would like to say something that may be also provocative. Maybe this time you will be on my side, though.

Mr. BECERRA. OK.

Mr. MATLOFF. The point I was making when I was talking about the African-Americans becoming the forgotten minority, and the Chinese immigrants being at the top of the totem pole, the Latinos are somewhere in-between, and that is very sad, but that is reality. And I am talking about the way government views them, the way the media views them, academia. Again, I have a number of incidents in my written testimony which I suggest you look at, some of which I think might surprise you.

OK, so what I am saying is a couple of things. I am saying, first of all, that there is definitely discrimination against Latinos. We know that. That discrimination, worst of all, I believe, exists in the hearts and minds of people in government, and I think this very hearing by focusing on illegal immigration, I think you may find yourself agreeing with me when I say that there are a number of Latinos who feel that illegal immigrant is a code word for Mexicans, and that people who say legal immigration is fine, you know, like Mr. Smith said, they play by the rules, which is not quite true anyway.

But a lot of people who say that, there is a feeling that a lot of people who say that are really saying Chinese immigrants are good and Latinos are bad. And this is the kind of hierarchy that I am talking about, all right.

Now, I think what Dr. Skerry is saying does tie in with the other comment I made on this same subject, which is the dilution of influence. There is no denial that there is discrimination against Latinos. But the problem is that although nobody wants to answer the question of who is being hurt or has been hurt historically most, the fact is, as you have an ever-lengthening list of victim groups, minorities, and that ever-lengthening list is lengthening largely because of immigration, you do see a dilution of political influence, of attention to from people who would like to help the disadvantaged. That is happening. There is no denying that, and it is largely due to immigration, both legal and illegal.

Mr. BECERRA. I know we should—I should stop. I have been provoked.

Mr. MATLOFF. I told you.

Mr. BECERRA. Give me an example of where the influx of immigrants has diluted the efforts to help a minority group facing discrimination?

Mr. MATLOFF. OK, I have got a dozen or so examples in there. I don't know which one I should choose. Let me just give the one—

Mr. BECERRA. Choose your best one.

Mr. MATLOFF. Well, I think they are all good. Let me give you an example that happened in San Francisco last year. Mabel Teng, a Chinese immigrant herself, a longtime political activist in San Francisco. She is now—she was recently elected to the San Francisco Board of Supervisors, which is the city council. Before that she was on the Community College Board of San Francisco, an elected position, as well.

Now, San Francisco, as with most major cities today, is in dire financial straits. And what happened was that recently they had to fire a few of the high-level administrators in the San Francisco Community College district. Now, Mabel Teng wrote in the Chi-

nese-American Democratic Club newsletter boasting that with her lobbying and lobbying by other political—Chinese political activists in the city, none of the Chinese high-level administrators was laid off.

What she wasn't saying was that some African-American high-level administrators were laid off. And that was galling for a couple of reasons to a lot of black people that I have talked to. First of all, the obvious implication, at least the way they took it, was that Chinese have more clout in the city than blacks do.

And the second point which was maybe even more galling is that Mabel Teng ironically was Jesse Jackson's statewide cochair when he ran for President. And the point is that if even she can be so insensitive as to make that remark and so forgetful of the black people who were fired, I think that really underscores this metaphor I am using of the forgotten minority. And again, I think that the Latinos are somewhere in-between, and I have examples in which the Latinos were hurt, too.

Mr. BECERRA. Dr. Morris, I will give you the final word before I have to run off.

Mr. MORRIS. I want to say the final word.

I think we need to recognize, especially in terms of labor markets, that they are not an example of the rest of society. Stereotypes, fears, especially about black males play a role there. You see it in terms of some of the grossest statistics in terms of the high unemployment, being the last hired and the first fired.

You see it in housing markets where there is increased competition between Hispanics and blacks. In a book, "American Apartheid in Housing Discriminatory Patterns" on housing done last year, published by the University of Chicago press, showed an African-American, earning about a \$50,000 salary, faced the same discrimination of a Hispanic at about \$2,500, believe it or not. It sounds weird. Those are the correct figures. That is what we are facing there. There are problems that not everybody reacts to everybody the same way, and it becomes compounded because of our combined history and fears that we face over race in this country.

You are right, we need to eliminate all kinds of discrimination, but we need to recognize that in labor markets, they are playing out differently. It gets played out differently with a preference for a vulnerable illegal worker over a black worker.

Mr. BECERRA. Mr. Chairman, by the way, that is a great title, Mr. Chairman. Thank you for indulging me the time.

And I thank the witnesses for indulging me and giving me very provocative answers and very considerate answers to my questions.

Thank you.

Mr. BRYANT of Texas. Dr. Morris, I wanted to ask you a few questions.

Your testimony says that illegal immigrants tend to concentrate in certain locations—Los Angeles, Miami, New York, Chicago, and Washington. Is the economic condition of African-Americans in these cities measurably worse than it is in cities with a lower concentration of illegal immigrants, such as Baltimore, Detroit, or Cleveland?

Mr. MORRIS. Well, the point I wanted to make, Congressman Bryant, is that the African-American situation is bad overall, in



those cities and in others. And I think what happens is that in those cities, the factor that makes things worse is direct competition in terms of low-cost housing and in terms of some sectors of the low-wage markets. We are in a situation concerning African-Americans, where we should not do anything that makes the situation worse.

Mr. BRYANT of Texas. But is there empirical data to support that commonsense assumption?

Mr. MORRIS. Well, that is what was discussed, I think, in the first panel, that what we are doing now is beginning to look at really the microdisplacement effects in certain particular kinds of labor markets. You have sometimes voting with their feet—and folks leaving. African-Americans still have janitorial jobs in Baltimore, where they don't have them in Los Angeles. Coming from Baltimore, I can assure you of that.

Mr. BRYANT of Texas. Well, the—

Mr. MORRIS. And janitorial contracts, I should say, too.

Mr. BRYANT of Texas. Presumably, if we institute a new system like we are talking about with regard to employment documents, we will be able to go right at that problem. But the previous panel indicated maybe as much of half of the employed illegal immigrants are not working in the regular documented economy.

Mr. MORRIS. Sure.

Mr. BRYANT of Texas. They are in the informal economy. I think, first of all, that we all approach this with the assumption that we need to do something about illegal immigration, no doubt about it. The real question is how much should we spend on this? Because this is going to be real expensive.

I think it is pretty obvious we ought to deal with the question of false documents. But if we go beyond that and to try to deal with this informal economy, we are talking about a lot of manpower dedicated to catching a relatively low ratio per law enforcement person of illegal immigrants. And the real question is, how important is it to do that?

Mr. MORRIS. Well, once again, from the perspective of the black community, I think it is important to eliminate any of these kinds of frauds that permit illegal workers access to jobs. I also say we need to look not just at illegal immigration but the larger question about our American needs and especially our labor supply needs. What Don Huddle mentioned last time needs to be explored, possibly on a State level, where contractors who are not benefiting can also encourage enforcement for contractors who are abusing employees in terms of not paying Social Security, not paying the workmen's compensation.

If we don't have the Federal enforcement we need to look toward increased State enforcement and possibly incentives that will not penalize contractors, who themselves are at a disadvantage, from contesting those kinds of actions that encourage the use of illegal workers.

Mr. BRYANT of Texas. Dr. Altonji, did you want to comment on what I asked?

Mr. ALTONJI. Sure. Just quickly on the evidence, I mean, the kinds of econometric or statistical evidence that we were talking about basically does look at how changes in immigrants are related

to changes in the outcomes of various groups, including blacks without college, and Hispanics. And what that evidence shows is negative impacts.

I think the point I really do want to make, and I think is correct, is that we are not going to solve the problems of less-skilled natives if we stop immigration. My position on this is that we really should spend a fair amount of money to reduce illegal immigration and that we should reform our immigration system to move it toward more of a skill-based system. But my reasons don't have much to do with the labor market impact on less-skilled people. They have to do with the size of the disadvantaged population in this society.

Some of the questions that did come up earlier touched on competition from immigrants for resources, educational resources, for all sorts of social programs that we have to help poor members of our society. Sorry if I—is that your question?

Mr. BRYANT of Texas. Fine.

Dr. Matloff. A final observation?

Mr. MATLOFF. Yes. Actually, I just want to back up what Dr. Morris said. I was in three separate airports yesterday, San Francisco, Denver, and Baltimore, and you know, all the janitors in San Francisco are Chinese and they are black in Denver or some Latino, but mainly black, and Baltimore, as well. And you can't say there is any lack of black people in the San Francisco Bay area. So I think, you know, that illustrates what he was talking about.

The other thing, you know, since you expressed interest earlier and mentioned again just now about how many people are using fraudulent documents versus what I think Michael Fix pointed out, about employers just being in cahoots with the illegals and hiring them without worrying about any documents, I can—I will submit to you that in the Chinese immigrant community, you are talking about virtually 100 percent is in that situation. You walk into a sewing factory and you are hired, that is it, with no one asking you for documents. And, in fact, there was even an article about that a couple of weeks ago on the front page of the New York Times, where a reporter who was Chinese went undercover, so to speak, and worked in a sewing factory. And I think that will be an eye-opener. Because that really is the way it works in Chinese communities across the country. So any—

Mr. BRYANT of Texas. Well, in that case, let me ask you, suppose you close that guy down, you make him fire all his employees, is he going to hire a lot of black folks or Hispanic folks or is he going to just close his business?

Mr. MATLOFF. I have suggested in the past that if there were really a will in government, they could go to these people, the Chinese sewing factory of workers and say, by the way, we expect you to start hiring blacks. In Chinatown, in San Francisco, we expect you to go to Hunter's Point, a predominately black area, and send vans over there or else, you know, we are just going to make life difficult for you. Where there is a will, there is a way. These things could be done. My point is—

Mr. BRYANT of Texas. You mean informally, not arrest?

Mr. MATLOFF. They could be done in all kinds of ways. They could be done through some of the ethnic advocacy groups who I think several people here have said today are not really doing right

by the people they claim to represent. That could be done, you know, if you want to avoid a sort of a government bureaucracy on it, but I think in the—as a last resort, government might step in. There are things that could be done, if a coordinated approach could be taken. But since blacks are becoming the forgotten minority, nobody is doing anything, that is the point.

Mr. BRYANT of Texas. Dr. Skerry.

Mr. SKERRY. Yes, Congressman Bryant, if I could have a final word. And in so doing, respond really to a question that Congressman Becerra posed to me as well as the chairman did at the beginning of the session.

It seems to me that this question of competition between immigrants and Americans, especially black Americans, is obviously a very politicized one, and not easily analyzed. I wouldn't take the extreme perspective that Dr. Matloff does about dismissing all the economists who have sat here before you today. But I do think there is a much more concrete way to get a handle on this and at the same time look at this: the kind of political structure that we have set up for all this to play out in these days. And that has to do with the kinds of competition that we have set up now because of affirmative action. Because we have afforded Hispanics and Asians the same affirmative action protections that we originally and begrudgingly afforded black Americans, we now are in a situation, it seems to me, of pitting them one against the other, these different groups, especially in light of the fact that as the population of Hispanics rises, particularly in a place like Los Angeles, it rises absolutely, and certainly relatively to blacks, it is rising, and the proportion—the proportionate share of black population is beginning to diminish.

Now, this has begun to play out in several different specific concrete arenas. The Los Angeles County Employees' Association has begun to feel this, and the black employees have begun to complain and, in fact, have launched lawsuits challenging what they feel is discriminatory treatment as the relative proportion of Hispanics increases and their demands on the public sector jobs increases. This has also begun to play out in the Postal Service where, as you probably know, black Americans are very, very disproportionately overrepresented. And as Hispanics come on line now and demand what they consider to be their fair share based on their population, their percentage of the population, blacks understandably feel that this is directly going to challenge and undercut them because they are so overrepresented.

So without going into all of the arcane elements that I think are very important in econometrics, you can point to some specific arenas in which the affirmative action logic that we have locked ourselves into and which the immigrants come into is very definitely pitting one group against the other in an economic as well as a political sense.

Mr. BRYANT of Texas. Well, on behalf of Chairman Smith and myself and all the committee, we thank you very much for taking your day to enlighten us. We look forward to working with you further as we develop the policy for the coming year.

Thank you very much. The hearing is adjourned.

[Whereupon, at 4:42 p.m., the subcommittee adjourned.]



# APPENDICES

## APPENDIX 1.—ADDITIONAL MATERIAL SUBMITTED FOR THE HEARING BY NORMAN MATLOFF, UNIVERSITY OF CALIFORNIA AT DAVIS

### The Adverse Impacts of Immigration on Minorities

Testimony to House Judiciary Committee  
Subcommittee on Immigration

Norman Matloff  
University of California at Davis \*

April 5, 1995 (updated June 8, 1995)

#### 1 Executive Summary

We are indeed a nation of immigrants, with diverse ancestries. In fact, though a stereotypical American would have British ancestors who came to this continent during the 1700s if not earlier, the fact is that rather few of us fit that description.

The adventurous spirits of those who came to this country in earlier times contributed greatly to America's success. Immigration continues to add vitality to our society today. Yet conditions have changed significantly from those earlier times, and the current high rate of immigration does have its down sides. One very important class of down sides is the adverse impact immigration has on minorities. In particular:

- Immigration adversely impacts native-born African-Americans.
- Immigration adversely impacts both native-born and earlier-arriving immigrant Asian-Americans and Latino-Americans.
- These adverse impacts are due to both legal and illegal immigration.<sup>1</sup>
- Some of these adverse impacts are economic in nature, in the form of

increased job competition, lowered wages and reduced opportunities for entrepreneurs.

- Other adverse impacts are noneconomic, such as reductions in quality of education and housing, and increased exposure to disease.
- Immigration is resulting in diminished attention being paid to the problems of native-born minorities. In some ways, this problem is even more serious than those cited above.
- Poll after poll in recent years has shown that minorities recognize these adverse impacts, and wish for relief, in the form of reduced levels of both legal and illegal immigration.

#### 2 Author's Background

Dr. Norman Matloff is a professor of computer science at the University of California at Davis, where he formerly was a professor of statistics. He writes frequently about minority and immigration issues.

Professor Matloff was a former Chair of the Affirmative Action Committee at UC Davis, and has long been active in work supporting minorities, particularly African-Americans and Latino-Americans, in programs such as MEP, MORE and SURPRISE.

\*The views expressed here are those of the author, not the University of California.

<sup>1</sup>Except when otherwise qualified, the use of the term *immigration* in this report will mean both legal and illegal immigration.

He has been close to immigrant communities all his life. He spent part of his formative years in predominantly-Latino East Los Angeles, and his father was an immigrant from Lithuania.

Professor Matloff is particularly close to the Chinese immigrant community. His wife is an immigrant from Hong Kong, he speaks Chinese, and he and his wife are raising their daughter to be bilingual. His contacts in the Chinese immigrant community range from working-class people, e.g. via his volunteer work in San Francisco's Chinatown, to professionals, via his friends from the Silicon Valley, where his wife is a software engineer.

This immersion in the Chinese immigrant community will be reflected in a number of the examples in this report.<sup>2</sup>

### 3 Economic Aspects

On a general societal level, the economic impacts of immigration are exceedingly complex, and virtually impossible to analyze. Furthermore, though some top-flight economists specialize in immigration issues, macro-level, econometric analyses have their limitations.

As a professional statistician, I wish to emphasize that it is vital to keep in mind that statistical methodology is at best something to be resorted to when one merely has numbers in lieu of insight. Number-crunching alone cannot replace qualitative insights which come from intimate knowledge of immigrant communities. Immigration economists who spend their time in front of computer terminals instead of in immigrant communities are working blindly, merely speculating as to the meanings of their numbers. Indeed, often they do not even know which numbers are

the most relevant to analyze.

In short, it is the author's view that direct, micro-level observation, especially by those who understand minority communities, provides the most reliable gauge of immigration's economic impacts, including impacts on minorities.

Here are some examples of adverse economic impacts on minorities:

- When asked why most Latino Americans wish to see reduced immigration, Antonia Hernandez, president of the Mexican American Legal Defense and Educational Fund (MALDEF), explained that "Migration, legal and undocumented, does have an impact on our economy...[particularly in] competition within the Latino community...There is an issue of wage depression, as in the garment industry, which is predominantly immigrant, of keeping wages down because of the flow of traffic of people."<sup>3</sup>
- Presumably motivated by similar concerns of job competition, United Farm Workers co-founder Dolores Huerta testified to a California Assembly committee that "With 1.5 million legalized immigrants living in California, and only approximately 250,000 agricultural jobs in the state, there is no need for additional farm workers."<sup>4</sup>
- Immigrants are entering the U.S. faster than minority communities can absorb them. Numerous case studies in New York's Chinese-American community by sociologist Hsiang-Shui

<sup>3</sup>Ms. Hernandez made these remarks at the Forum on Immigration, UC Davis, March 11, 1994. After the author included this quotation in his op-ed piece in the *Los Angeles Times* on September 30, 1994, Ms. Hernandez responded with a letter to the editor in that newspaper on October 12, 1994. There she said, "[MALDEF and other civil rights groups] recognize the truism that immigrants tend to compete economically with the most disadvantaged sectors of the population."

<sup>4</sup>Summary Report Prepared for the Assembly Select Committee on Statewide Immigration Impact, California Assembly Office of Research, Sacramento, May, 1994.

<sup>2</sup>The use of the singular term *community* here is really an oversimplification. Chinese immigrants from the three major regions—China, Hong Kong and Taiwan—differ from each other to a substantial degree culturally, and tend not to interact with each other very much.

Chen show how the influx of Chinese newcomers—both legal and illegal—reduces employment opportunity for native and earlier-immigrant Chinese, as well as resulting in reduced market shares for established Chinese entrepreneurs.<sup>5</sup>

Louisiana State University sociologist Min Zhou makes similar comments, noting the low wages in New York's Chinatown caused by "the large pool of surplus immigrant labor."<sup>6</sup>

The same themes show up in the study by Peter Kwong of Hunter College.<sup>7</sup> Here is a very telling excerpt (p.88), on the hardships faced by native-born and earlier-arriving immigrant entrepreneurs, caused by the arrivals of large numbers of later immigrants:

In the 1980s, business in Chinatown reached the point of saturation: too many immigrants, too many new businesses, and exorbitant rents. Suicidal competition developed throughout the community.

Similar dynamics appear to be at work among Korean immigrants in New York. An article in *New York* magazine<sup>8</sup> quotes Sung Soo Kim, president of the Korean-American Small Business Service Center: "We're in the middle of a tragedy. Last year, we had 700 stores open but 900 close. Growth has completely stopped."

- A 1988 study of the Los Angeles hotel industry by the General Accounting Office found that jobs formerly held by African-Americans were now performed mainly by immigrants. Again, this study was not based on some

econometric model. On the contrary, it was a direct report of the hotel owners' actions to break up the largely-black unions, and replacement by immigrant workers. Studies have shown a similar displacement of blacks in the restaurant industry, at airports, and so on.

- Many immigrant entrepreneurs refuse to hire blacks, and state and federal civil-rights agencies have, for whatever reasons, not taken any interest in this problem.<sup>9</sup>
- Jack Miles of the *Los Angeles Times* has found that even black social workers are being displaced by Latinos. The blacks hope to keep their jobs by learning Spanish, but this may or may not succeed.<sup>10</sup> Ezola Foster, a black Los Angeles school teacher, describes a similar situation for teachers.<sup>11</sup>
- The competition for jobs was illustrated in a rather dramatic manner in an article, "Immigrants Split Over Job Scarcity: Legal Residents in Marin Tell INS [Immigration and Naturalization Service] About Illegals," in the May 17, 1994 edition of the *San Francisco Chronicle*. The lead sentence in the article reports, "A shortage of jobs is provoking cutthroat rivalry among immigrant day laborers in San Rafael's Canal Area, where some [legal immigrants] are getting ahead by turning in their undocumented peers to the INS, authorities say."
- The adverse economic impact on minorities is not restricted to the low end of the wage scale. Asian-Americans, who comprise more than 50% of new graduates of computer science curricula in California universities, are often shunted aside by Silicon Valley employers in favor of foreign nationals. Computer industry employers

<sup>5</sup> *Chinatown No More*, by Hsiang-Shui Chen, Cornell University Press, 1992.

<sup>6</sup> *Chinatown*, Temple University Press, 1992, p.221.

<sup>7</sup> *The New Chinatown*, Peter Kwong, Noonday Press, 1987.

<sup>8</sup> April 10, 1995.

<sup>9</sup> *Wall Street Journal*, June 6, 1995.

<sup>10</sup> *Atlantic Monthly*, October 1992.

<sup>11</sup> *ABC Nightline*, March 24, 1995.

continue to hire the foreign nationals and sponsor them for immigration or work visas, in spite of a labor surplus which has existed since the late 1980s. Often the employers' motivation is a desire for cheap, compliant labor.<sup>12</sup> One General Dynamics subcontractor has even referred to the foreign employees' status as being "indentured."

Even Stanford Law Professor Bill Ong Hing, a nationally prominent immigrant-rights advocate, has expressed concern over the impact of hiring of foreign professionals on our nation's minorities.<sup>13</sup>

In other words, the frequently-heard adage, "Immigrants take jobs which Americans don't want," simply does not jibe with reality. In those hotel jobs described above, for instance, the African-Americans had wanted those jobs and indeed had been working in them.

And it is sad that many analysts who defend the current high immigration levels concede but dismiss the adverse economic impacts of later-arriving immigrants on earlier-arriving immigrants. Those earlier-arriving immigrants are now Americans, after all, and any concerns we have that immigration reduces economic opportunities for Americans must include these newer Americans. I find it odd that many who defend immigration do not defend immigrants.

<sup>12</sup> *San Jose Mercury News*, June 3, 1993. See also the author's op-ed piece in the *San Francisco Chronicle*, March 28, 1995.

A number of authors have claimed that the Silicon Valley depends on immigrants for its technical edge. But this claim simply does not hold water. The presence of a large number of immigrant engineers in the Silicon Valley is merely a consequence of the fact that the computer field is famous in Asia as a means to immigrate to the U.S. The immigrants are, for the most part, not the ones making the technical advances in the industry. This can be seen in rough form, for instance, in the awards given by the Association for Computing Machinery for software and hardware innovation: of the 56 awards given, only one recipient is an immigrant.

<sup>13</sup> *Asian Week*, April 29, 1994.

As Cornell University economist Vernon Briggs has said, the effort "to raise disadvantaged urban black Americans out of poverty was undermined from the beginning by the flood of cheap foreign labor."

On the other hand, cheap wages do not tell the whole story. Another major factor is networked hiring. News of job openings are spread by tight social networks among immigrants, alleviating the employer of the need to advertise. As a result, says Richard Rothstein, a columnist for the Spanish-language *La Opinion*, "In the garment districts of Los Angeles, New York, or Miami, entire plants are staffed by immigrants from the same village in Mexico, El Salvador or China." Significantly, Rothstein adds that "Once such powerful networks are established, policy is impotent to break them."<sup>14</sup>

And again, networked hiring is not limited to the low end of the wage scale. Chinese immigrant engineers in the Silicon Valley are also frequently hired via Chinese social networks. It is common to find that most or all of a division in a company consists of immigrants from Taiwan. Since hiring is often done via word of mouth, those who are not from Taiwan may not even be aware of job openings.

Some employers hire immigrants because they are perceived to be reliable. Peter Skerry<sup>15</sup> notes that Latino workers in Los Angeles tend to use carpools to get to work, whereas a black worker might not show up for work if his car breaks down.

Indeed, questions might be raised along the lines of "Why blame the immigrants? Why can't blacks form networks, use carpools, etc.?" The answer is that although it is true that many poor blacks lack these work skills, the continuing influx of large numbers of immigrants is working to insure that poor blacks never will develop these skills. The availability of immigrant labor is certainly giving employers

<sup>14</sup> *Dissent*, Fall 1993.

<sup>15</sup> *New Republic*, January 30, 1995.



no incentives to develop skills among poor blacks.

Incentives for government to develop black skills are dwindling too. As I will argue in more detail below, the large influx of immigrants is causing distractions of government attention, leading to African-Americans becoming what I call the Forgotten Minority.

#### 4 Adverse Impacts on Education, Health and Social Services

It is important to keep in mind that the adverse impacts of immigration on minorities are by no means limited to the economic sphere. In this section, we will outline other types of problems.

##### 4.1 Education

It is estimated that there are 300,000 illegal immigrant students in California's schools. Yet some schools in the West Contra Costa Unified School District recently closed their doors to enrolling new students.<sup>16</sup> As the district contains many black and Asian-American students, we see again that minorities comprise a major class of victims of immigration problems.

But again, the problem extends to legal immigration as well. For example, last year the San Francisco School District announced that, due to a dearth of bilingual teachers fluent in Cantonese, Russian and Vietnamese, it was resorting to hiring uncredentialed teachers.<sup>17</sup> In other words, the quality of instruction is being reduced because of the influx of immigrant children. Once again, the principal victims are the Asian, black and Latino kids who comprise the bulk of San Francisco's student population.

##### 4.2 Child Care

Low-income black single mothers in Pasadena are being given lower priority for child-care services, because immigrant Latino women often have even lower incomes, thus higher priority for child care.<sup>18</sup>

##### 4.3 Housing

San Francisco's *Comprehensive Housing Affordability Strategy*<sup>19</sup> illustrates another impact of immigration on minorities. It states that due to the city's "dire financial condition," the city faces an "enormous challenge" in providing housing for the poor (p.97), 61% of whom are minority (p.6). And yet the report also discusses the housing pressures arising from a burgeoning immigrant population (pp.57-58), with its "huge need" for not only ordinary housing services, but especially bilingual housing services. Again, since funding for housing is fixed, if not dwindling,<sup>20</sup> one sees a direct negative impact on African-Americans and other minorities (some of the latter are themselves earlier-arriving immigrants).

In the midst of this worsening fiscal crisis, the city announced that it would spend \$23 million on rebuilding the International Hotel in Chinatown, to provide subsidized housing, largely for elderly immigrants.<sup>21</sup> Many, if not most, of those immigrants have well-off children.<sup>22</sup>

<sup>16</sup> *Atlantic Monthly*, October 1992.

<sup>19</sup> San Francisco Mayor's Office of Housing, November 5, 1993.

<sup>20</sup> This was also emphasized in an interview by the author with Ted Dienstfrey, Director of the Mayor's Office of Housing, June 29, 1994.

<sup>21</sup> *San Francisco Examiner*, September 8, 1994.

<sup>22</sup> See articles by the author in the *New Democrat*, November 1994, the *National Review*, February 21, 1994 and the *Sacramento Bee*, December 14, 1994.

<sup>16</sup> *San Francisco Examiner*, September 8, 1994.

<sup>17</sup> *San Francisco Examiner*, August 10, 1994.

#### 4.4 Health Care

Though there is much debate over whether immigration in general is a net fiscal gain or drain (see Appendix), there is no question in the case of illegal immigration; all analysts agree that there is a drain here. This then negatively impacts the quality of health care for minorities.

Some light is shed on the matter by California's Proposition 186, the single-payer health plan on the same ballot as Prop. 187. One of 186's proponents, Dr. Floyd Huen, said during the campaign that 186 would have been especially helpful to minority groups, since many minorities lack employer health coverage.<sup>23</sup> It is thus significant that Dr. Huen stated that the measure excluded undocumented people, because "otherwise the cost would be tremendous, and we wouldn't be able to provide benefits for the legal residents."

Both legal and illegal immigration have brought a substantial increase in tuberculosis rates in recent years.<sup>24</sup> This, for example, is why the developers of a new tuberculosis treatment center chose to locate the center in the predominantly-immigrant Mission District in San Francisco.

But that in itself illustrates another way in which minorities are adversely impacted by immigration. Minorities often live in poor, urban areas with high concentrations of immigrants, so the tuberculosis brought by immigrants places minorities at higher risk of contracting the disease.

These points were also brought out in a recent General Accounting Office report.<sup>25</sup> The report states that "legal immigrants

accounted for 80 percent of the rise in TB cases from 1986 through 1992. The states with the highest increases in new TB cases were New York, California, Florida, Texas, and New Jersey. These states were also listed as the intended residence of 70 percent of the legal immigrants entering the United States in 1992." It goes on to report that "a Los Angeles TB control official estimated that about half of the legal immigrants who enter Los Angeles County are infected with TB."

Significantly, the report adds that "one TB official estimated that screening as many as 150,000 legal immigrants a year, and providing preventive therapy to the estimated 50 percent of these immigrants who might need it, would overwhelm the county's health system."

On the question of immigration's impact on minorities, the same report then points out that "Tuberculosis is an increasing public health problem among America's racial and ethnic minorities. In all the cities we visited, TB cases have been rising rapidly among these populations...This growth was most evident among African Americans in Los Angeles, Newark, and Atlanta and among Hispanics in El Paso. The growth in TB cases among African Americans in Los Angeles, Newark, and Atlanta was more than twice the national growth rate." In an accompanying table, one finds, for instance, that Asian TB cases in Newark increased by 300 percent during 1985-1992.

## 5 Diminished Attention Given to Native-Born Minority Problems

The heavy influx of immigrants is resulting in rapid shift of political power away from African-Americans to Asian and Latino immigrants.<sup>26</sup> In government, the press and other institutions, there is

<sup>23</sup>Huen, making the remarks on the Chinese-language television program Chinese Journal on Channel 26 in San Francisco, noted that many of those who live or work in Chinatowns do not have coverage. Also, according to the *Sacramento Bee* (November 10, 1994), nearly 40% of Latinos are not covered.

<sup>24</sup>See "Most TB Cases Found Among Immigrants," *San Francisco Chronicle*, August 17, 1994.

<sup>25</sup>*Tuberculosis: Costly and Preventable Cases Continue in Five Cities*, March 16, 1995, GAO/HEHS-95-11.

<sup>26</sup>See Peter Schuck, *Current*, January 1994.

a general (though sometimes unconscious) treatment of minorities as forming a kind of hierarchy, with immigrants occupying a higher position than blacks, and within the immigrant category Asians occupying a higher position than Latinos.

What is most disturbing about this trend is that African-Americans, previously central in the thoughts of those who wish to improve conditions for minorities, are simply being forgotten. Just as the Asians have become the Model Minority, blacks are becoming the Forgotten Minority.

Here is a sampling of this trend:

- A number of blacks are souring on the idea of affirmative action, claiming that many firms are hiring immigrant Asians and Latinos (the "preferred minorities") instead of blacks to fulfill affirmative action requirements.<sup>27</sup>

A May 28, 1995 *San Francisco Examiner* article on affirmative action in the San Francisco city government dramatically shows how African-American influence is waning in the public section. During 1980-1993, the share of civil service jobs held by Asians and Latinos increased by 60% and 80%, respectively, while the share for blacks decreased 80%. During 1990-1993, the volume of city contracts to Asian business increased at a rate which was 2.9 times the rate for blacks. There are of course many factors underlying these actions, but nevertheless the point is that blacks are losing much of the gains they made in the 1960s and 1970s to immigrant groups.

Currently a ballot initiative is being prepared in California to banish affirmative action. Many of those supporting such an action with regard to university admissions have been citing Model Minority Asians to buttress their remarks.

- Mabel Teng, a Chinese immigrant

who at the time was a member of the San Francisco Community College Board, boasted how the lobbying of the Chinese American Democratic Club had resulted in no layoffs of high-level Asian-American college administrators during the city's fiscal crisis. What she did not say, though, was that several African-American administrators had been laid off.<sup>28</sup>

A number of African-Americans were angered both by the city's seeming discrimination, and also by Teng's insensitive boasting. Apparently the current climate is such that even Teng, previously a staunch Jesse Jackson supporter, can easily forget about African Americans.

- Monterey Park, a Los Angeles suburb, has received an large influx of Chinese immigrants, mainly from Taiwan, since the late 1970s. Longtime Latino residents of the city (most of them native-born) were angered recently when the Spanish-speaking priest at St. Thomas Aquinas Catholic Church was replaced by two Chinese-speaking priests.
- After Chinese- and other Asian-American advocacy groups claimed that affirmative action admissions programs for blacks and Latinos at the University of California at Berkeley made it more difficult for Asian-American applicants to be admitted, a Chinese-American, C.L. Tien, was appointed as chancellor of the campus. While Tien is well-liked and is doing well as chancellor, his appointment was taken by all parties concerned to be motivated primarily to mollify the Asian critics of the university. Apparently for good measure, a second Chinese-American chancellor was subsequently appointed at UC Santa Barbara. Yet there has never been an African-American chancellor

<sup>27</sup> *Cleveland Plain Dealer*, December 19, 1993.

<sup>28</sup> *Asian Week*, October 14, 1994.

at any UC campus, and there has been only one Latino.

- Current congressional and Clinton administration proposals to place restrictions on immigrant eligibility for welfare are motivated in part by the fact that many well-off/professional immigrants are sponsoring their elderly parents to immigrate and then placing the parents on welfare, reneging on promises to financially support the parents.<sup>29</sup> Asian and other immigrant advocacy groups have lobbied heavily against closing the loopholes which allow this. Yet even the most draconian of the current proposals would still give the immigrants full freedom to put their parents on welfare as soon as the latter become naturalized citizens.

In other words, these welfare bills will rush a functionally illiterate African-American single parent off welfare while still allowing a Chinese immigrant couple, both computer engineers with a combined income well over \$100,000, to put their parents on welfare, in spite of the couple's promise to support the parents. This inequity is not deliberate, but it arguably does exemplify the rise in power of the Asian immigrant advocacy groups, and the dwindling influence of black advocates.

- Another potential case which is similar to the last one, but features a more direct illustration of the prioritizing we are discussing here, arose recently in Alameda County in the San Francisco Bay Area. A majority on the county board of supervisors originally supported a proposal to deny welfare to immigrants with well-off sponsors (*San Francisco Chronicle*, September 14, 1994), but then reversed itself and dropped the pro-

posal (*San Francisco Chronicle*, October 26, 1994). Yet it then took up consideration of a proposal to cut funding for senior community centers serving the poor, mainly black and Latino.<sup>30</sup>

- During the 1994 election campaign, nightly television news reports of California's Proposition 187 on illegal immigration repeatedly showed dramatic pictures of Mexicans climbing over border fences. Yet there was not even one picture, to my knowledge, of the many Chinese coming in illegally on boats in 1993, scenes which were certainly on file in TV newsrooms and which would have been equally dramatic.<sup>31</sup> Again, this omission was not deliberate, but the point is that the general image of Chinese immigrants is so positive, and the image of Latino immigrants so much less positive, that the news producers simply never thought of Chinese as illegal immigrants.
- Peter Skerry reports that positions as aides to a city councilman representing traditionally-black South Central Los Angeles which had previously gone to blacks are now filled by Latinos.<sup>32</sup>
- In 1992 Congress passed the Chinese Student Protection Act, which in effect gave mass political asylum to all students from China studying in the U.S. during the 1989 demonstrations in Beijing. This "protection" was unnecessary, as pointed out by Sidney Jones, executive director of Asian Watch/Human Rights Watch; only a small percentage of students needed asylum, and those few could have used regular political asylum chan-

<sup>29</sup>See articles by the author in the *New Democrat*, November 1994, the *National Review*, February 21, 1994 and the *Sacramento Bee*, December 14, 1994.

<sup>30</sup>*Oakland Tribune*, November 1, 1994.

<sup>31</sup>Ironically, it was those dramatic pictures which brought national attention to the problems of illegal immigration, and which helped to galvanize the movement which led to Prop. 187.

<sup>32</sup>*Mexican-Americans: the Ambivalent Minority*, Peter Skerry, Free Press, 1993, p.82.

nels, without the Act.<sup>33</sup> The Act, ostensibly written to protect those who faced arrest if they were to return to China, contradicted itself by including in its coverage those who *had* returned to China (and had then come back to the U.S.).

Yet at the same time, Congress turned down a rider to the bill, which would have extended temporary residence to Haitian refugees. In other words, 80,000 Chinese were offered permanent residence, while 11,000 black Haitians could not even get temporary residence.

- The 1990 Immigration Act instituted, and Congress and the President renewed in 1995, the "McDonald's" program, which allowed foreign students in American colleges to work off campus, typically in low-skilled jobs such as fast-food preparation. This clearly leads to at least some degree of job displacement of low-income minority youth. In other words, foreign students, typically Asians who are using their American studies as stepping-stones to immigration, are being allowed to compete for jobs with our nation's black and Latino poor.
- Asian and Latino political organizations are becoming increasingly focused on immigrant issues, with less attention given to issues which traditionally have been the concerns of native Asian and Latino Americans. For example, the recent *Clinton Report Card* published by the Organization of Chinese Americans is dominated by immigrant issues. When asked what his organization is concerned with, Henry Der, executive director of Chinese for Affirmative Action, answered "First and foremost, immigration"; only later did he cite issues of inter-

est to native-born Chinese-Americans, such as job discrimination.<sup>34</sup>

- The hierarchy being described here, with Asians higher on the totem pole than Latinos, and immigrants higher than native blacks, is sometimes even promoted by ethnic civil rights activists. The August 1993 newsletter of the Oakland chapter of the Organization of Chinese Americans (OCA) featured a disturbing editorial in this regard. The editor, Peter Eng, writes that

"...[A]s an ethnic community group, Chinese Americans will have to separate and distance ourselves from other ethnic immigrant groups...Chinese Americans have distinguished themselves in business, science, government, etc...[whether] we were illegal or legal immigrants had no perceptive effect...we have more than paid our fair share in taxes to fund the cost of the little public assistance given for our people<sup>35</sup>...perhaps we should advocate a voucher system, where the taxes designated for public assistance paid by Chinese Americans should be placed in a special fund to be dispensed to our people as desired..."

Eng then goes on to say that while restrictions on illegal immigrants from Mexico would be fine with him, he is opposed to broadbrush legislation which includes "all immigrants, favorable or unfavorable to this country. It has been my contention all along that this country has benefited economically, politically and socially by allowing Chinese immigrants to migrate to this country, whether legal or illegal."

As OCA is a civil rights organization, such comments are particularly trou-

<sup>33</sup> *US News and World Report*, September 20, 1993. *San Jose Mercury News*, June 3, 1993. "The Coupling of Green Cards and MFN for China," Norman Matloff, *San Francisco Examiner*, May 20, 1994.

<sup>34</sup> Interview with the author, March 23, 1994.

<sup>35</sup> Contrary to Eng's claim, the percentage of elderly Chinese immigrants on welfare is the highest of all major nonrefugee immigrant groups. Of elderly Chinese immigrants who came to California during 1980-1987, 55% were on welfare in 1990.

bling, especially coming from a chapter in such a minority-rich region as the San Francisco Bay Area.

Even Henry Der of Chinese for Affirmative Action, who usually strongly supports blacks and Latinos, made similar comments in the author's interview with him: "We could even take more Chinese immigrants if that was permitted. But that is not going to happen, because Chinese immigrants are broadstroked with [all other immigrant groups]."

- Even if they do not comprise a "mutual admiration society," many Asian and Latino political activists have concluded that they at least have some mutual interests. This sometimes leads to Asian/Latino alliances which are to the detriment of African-Americans.

For example, bilingual education has become a political icon among Asian and Latino activists. Their work in this direction—and the positive response given to them by government agencies regarding it—angers many urban black parents, who believe that their children's education is being diluted by the forced bilingual environment their children are subjected to.<sup>36</sup> The black parents' protests appear to be futile.

The following excerpt from an article by UC Berkeley Asian-American Studies professor Elaine Kim, a Korean-American, might well be regarded as a "smoking gun" by African-Americans:<sup>37</sup>

Someone  
from MALDEF (Mexican-  
American Legal Defense and

<sup>36</sup>See, for example, *U.S. News & World Report*, November 7, 1994, and *ABC Nightline*, March 24, 1995. It should be noted that many Asian and Latino immigrant parents do not want bilingual education for their children either.

<sup>37</sup>In *The State of Asian America: Activism and Resistance in the 1990s*, ed. by K. Aguilar-San Juan, South End Press, 1994.

Educational Fund) pulled me aside during a meeting about re-districting to point out that due to demographic shifts, Asians and Latinos could work together because we never had very much to begin with. "We have little to lose and a lot to gain by working together," he said, "while African-Americans stand to lose their hard-won civil rights gains from the 1960s, given their declining numbers."

This was not idle talk. For instance, the *San Jose Mercury News* reported on May 31, 1993 that "In Oakland, Hispanics and Asian-Americans [recently] drew up a re-districting plan to challenge one proposed by ruling black politicians."

- Some Latinos feel that statements to the effect that illegal immigration must be stopped but legal immigration has no problems are sometimes actually (not so thinly) veiled expressions of the notion that Asian immigrants are welcome while Latinos are unwelcome. The same comment applies to some of those who say our immigration policy should be "more skills-based," which again is perceived as a euphemism for "less Latino-laden."

I have observed increasing evidence that such perceptions by Latinos are accurate.

Whether or not the parties involved here have good intentions, the bottom line is that high levels of immigration have resulted in a hierarchy in treatment of minorities by government and the media, with the following features:

- blacks losing influence to immigrant Latinos and Asians

- native Latinos and Asians losing influence to immigrant Latinos and Asians
- Latinos losing influence to Asians

African-Americans at the present time still do have a substantial degree of political influence, based on gains made during the 60s and 70s. The current trend, though, is that they are beginning to lose those gains to immigrant groups.

Clearly, all of this is an extremely unhealthy situation. The current rate of influx of immigrants is much higher than our fragile race-relations situation can tolerate.

## 6 A Wish for Relief

Poll after poll in recent years has shown that minorities recognize these adverse impacts, and wish for relief, in the form of reduced levels of both legal and illegal immigration. The Latino National Political Survey in 1992, for example, found that up to 84% of Mexican-Americans agreed with the statement that "There are too many immigrants."<sup>38</sup>

This emerged too in California's Proposition 187. Make no mistake about it: Even though Prop. 187 focused on illegal immigration, it was to many voters a referendum on legal immigration as well. Political pundits, who were portraying Prop. 187 as pitting whites versus nonwhites, were shocked by the strong support among minority groups for the measure. Exit polls taken by the Associated Press showed strong majorities of African Americans (58 percent) and Asian Americans (57 percent) for the measure, percentages approximately equal to the vote for 187 in the general population (59 percent).<sup>39</sup> Also, 54% of all immigrants voted Yes, again close to the overall state

proportion.<sup>40</sup> In pre-election polls two months earlier, more than half of Latinos supported the proposition, and in spite of extremely heavy campaigning by the Spanish-language media and Latino community workers, about a third of Latinos still ended up voting for the measure.<sup>41</sup>

## 7 Remedies

It should be emphasized again that most of the problems described here arise from both legal and illegal immigration. We will outline some possible remedies on both of these fronts.

### 7.1 Legal Immigration

Current national policy on legal immigration has three central tenets: to reunify families; to alleviate labor shortages; to provide political safe haven. All three of these goals are widely flouted. For example:

- Most of those who come to the U.S. under the auspices of family reunification do so non-family reasons, usually economic, rather than out of a yearning to be with a sibling or other family member. Even Stanford University law Professor Bill Ong Hing, a strident immigrant advocate, notes that Japanese Americans have sponsored their relatives to immigrate at much lower rates than have Americans of Filipino, Chinese, Korean and East

when the smaller sample sizes of the racial subgroups are accounted for.

<sup>38</sup> *Los Angeles Times*, November 10, 1994.

<sup>41</sup> The pundits were confounded by other seeming anomalies as well. Fifty-six percent of those in Los Angeles County, for instance, voted for 187, a proportion close to the statewide figure. Yet Art Torres, a Latino candidate for state insurance commissioner, won in Los Angeles County (51 percent) but lost statewide (43 percent). If voters in the county were anti-Latino, as the pundits presumed from the voters' support of 187, why did those voters choose a Latino for insurance commissioner?

<sup>38</sup> *Hispanic magazine*, April 1994.

<sup>39</sup> *Sacramento Bee*, November 13, 1994. The figures in the *Los Angeles Times* poll were somewhat lower, but the two polls were within the margins of error of each other.

Indian heritage.<sup>42</sup> He cites Japan's strong economy as the most important factor behind this difference. Similar themes may be seen in Min Zhou's study, *Chinatown* (Temple University Press, 1992, pp.50-54).<sup>43</sup>

- As noted earlier, the computer and electronics industries continue to sponsor foreign engineers for immigration, in spite of a labor surplus.<sup>44</sup> Softpac of Austin, Texas estimates that the software industry needed approximately 40,000 new workers in 1994. This is less than the 51,000 new computer science graduates our universities produced. Yet the number of foreign computer programmers granted work visas in 1994 exceeded 30,000. Softpac also found that between 1990 and 1993, U.S. colleges and universities awarded two bachelors degrees in engineering for every engineering job opening created through net replacement.
- In 1992 Congress passed the Chinese Student Protection Act, giving mass political asylum to tens of thousand of students from China who were in the U.S. during the 1989 protests in Beijing. As noted earlier, the vast majority of the students did not need this protection, and those who did need it could have applied for asylum individually.<sup>45</sup>

For these reasons, the line between legal and illegal immigration is finer than many people realize. If for example Mr. X im-

migrates ostensibly because he longs to re-join his son who immigrated earlier to the U.S., but Mr. X then settles in a city 1,500 miles away from the son, we must question just exactly what we mean when we say that Mr. X immigrated "legally." Mr. X may be following the letter of the law, but he certainly is violating its spirit.

The same comment applies to those immigrants who sponsor their elderly parents to come to the U.S. but then renege on their promises to keep their parents off welfare. This too is violating at least the spirit of the law, if not the letter.<sup>46</sup>

Thus the oft-heard comment that "unlike illegals, legal immigrants play by the rules" is not necessarily accurate.

This is not to say that no legal immigrants ever are motivated to immigrate primarily because they miss their family members, or that no employer-sponsored immigration is ever warranted, or that no applicant for political asylum genuinely needs protection. But the fact is that our immigration policy is very often working counter to its noble goals. Clearly, a thorough overhaul is in order.

In order to reduce the adverse impact of immigration on minorities, both native-born and earlier immigrants, the author recommends:

- (a) The yearly quotas for legal immigration should be reduced to levels which will not exacerbate current economic and social problems.
- (b) The central tenets underlying immigration policy should be re-examined and revised.
- (c) We should "end bilingual education as we know it."

<sup>46</sup>In fact, it is common for both these violations to occur in tandem. For example, the author interviewed about a dozen elderly Chinese immigrants living in a HUD-subsidized building in Sacramento. All were on welfare, all came to the U.S. under the auspices of family reunification, and yet almost all lived far from their children's homes in locations such as Los Angeles (400 miles from Sacramento), Texas, Florida and New York.

<sup>42</sup> *Making and Remaking Asian America Through Immigration, 1850-1990*, by Bill Ong Hing, Stanford University Press, 1993, pp.106-107.

<sup>43</sup>Ironically, immigration under family reunification laws often dis-unifies families. Consider, for example, a hypothetical Ms. Y who lives in Taiwan, as do three of her four sons, while the fourth is an immigrant in the U.S. If the son in the U.S. sponsors Ms. Y to immigrate to the U.S., in order to "reunify" with him, she is at the same time separating from her other three sons in Taiwan, who may or may not emigrate later themselves.

<sup>44</sup>See earlier citations.

<sup>45</sup>See earlier citations.



- (d) Immigration policy should require, as a condition for being granted immigrant status, that persons over age 12 have a conversational knowledge of English.
- (e) As a condition for being granted immigrant status, each adult should be required to learn about American sensibilities regarding respect between races and between genders.

The rationale for recommendations (a), (b) and (c) should be clear from points made earlier in this report.

Recommendation (d) is perhaps more startling. However, it is both reasonable and feasible. It would help reduce the job-competition problems imposed by later-arriving immigrants on earlier-arriving ones, by broadening employment opportunities beyond the immigrant enclave economies. It would aid in the implementation of recommendation (c). It would reduce some fiscal problems (recall, for instance, the cash-strapped San Francisco city government's noting that there is a "huge need" for bilingual housing services). And, perhaps most importantly, it would help reverse some current trends away from assimilation.

A number of workable approaches could be used to implement (d). Probably the best of these would actually not be a strict requirement, but rather a functional equivalent, in the form of bestowing a very large priority within the immigration queue to those with the desired basic English skills.

It is important to note that I am not proposing any elitist changes in immigration policy. For example, I am opposed to giving "extra points" to those with college educations; this would be contrary to the American spirit, and would ignore the fact that many talented people simply do not have access to higher education in third-world countries.

Indeed, I would submit that recommendation (d) would not result in any large changes in the mix of immigrants we currently accept. Most immigrants do come to the U.S. for a better economic life. Learning a minimal level of English would be a small price to pay for that privilege, and I submit that the immigrants would readily agree to such a condition. It should also be noted that most immigrants must undergo a period of up to ten years of waiting before receiving their immigrant visas; thus they would have more than adequate advance opportunity to develop English skills.<sup>47</sup>

Recommendation (e) is just as important as the others. Most immigrants come from monoracial societies which do not have traditions of racial tolerance and mutual respect. In addition, many immigrants come from societies in which there are severe problems regarding the status of women.

Again, there are no villains here; people are, after all, products of the societies in which they live. When discussing negative attitudes harbored by many Chinese immigrants toward African-Americans, Henry Der of Chinese for Affirmative Action<sup>48</sup> pointed out that immigrants "are not educated in the American context," in which mutual respect among races is at least a goal, if not a reality. Sociologist Elijah Anderson of the University of Pennsylvania has made similar comments.<sup>49</sup>

<sup>47</sup>I have been asked how would-be immigrants in poor third-world countries would learn English. My answer is that given the huge economic opportunity immigration represents to them, we would find that they are quite resourceful in learning English to meet the requirement for immigration. The would-be immigrants' U.S. relatives could send them books and tapes to learn English, for example. Even the governments of the would-be immigrants' home countries would have incentive to provide English instruction, say on the radio, because these governments depend so heavily on financial remittances from their nationals in the U.S. (e.g. China and Mexico).

<sup>48</sup>Interview with the author, March 23, 1994.

<sup>49</sup>*Wall Street Journal*, June 6, 1995.

But the damage that results from this problem is real. As noted earlier, for example, many immigrant entrepreneurs are unwilling to hire black employees. The role black perceptions of Korean immigrant racism toward blacks played in the 1992 Los Angeles riots is described in *The New Asian Immigration in Los Angeles and Global Restructuring*, ed. by Paul Ong et al, Temple University Press, 1994.<sup>50</sup>

Thus part of the formal immigration process should include learning about the American goal of racial tolerance, both in its abstract form and also in its legal forms. For example, many immigrants later become landlords, and it is important that they know that they may suffer legal penalties if they discriminate against tenants of other races.

Implementation of (e) could take on a variety of forms, possibly in combination. For example, a short presentation could be given at the INS office (or U.S. consulate abroad) when the applicant's immigration is approved. Later reinforcement could be

<sup>50</sup>The "politically correct" explanation by Asian political activists for Asian immigrant racism toward blacks is that the immigrants pick up these attitudes from negative images of blacks on American television. Some of this may indeed occur, but it is not the primary factor. For example, many of the immigrants do not even watch mainstream, i.e. English-language, television, preferring to watch programming in their own languages and aimed at their own cultural interests.

The "PC" explanation also ignores the fact that the immigrants' disdain for blacks is often much worse than that of the natives. For example, an article in *New York magazine*<sup>51</sup> notes that many of the American-born children of Korean immigrants are deeply ashamed of their parents' blatant racism. I have found anti-black attitudes among Chinese immigrant engineers in the Silicon Valley to be far more prevalent and severe than in their native co-workers.

The fact is that the Asian immigrants have such attitudes before they come to the U.S. Anyone who travels in Asia and speaks to people there in the local language will quickly find deep prejudices against blacks. For example, in Korea, sociologist Won Moo Hurh found in a 1966 study that offspring of black American military men and Korean women were shunned even more than children of white/Korean unions.<sup>52</sup> The root cause of this is probably the general Asian prejudice against even dark-skinned Asians; lighter-skinned Chinese, for instance, will look down on darker-skinned Chinese, because dark skin is traditionally associated with the peasantry.

applied in the form of public-service commercials on ethnic television stations in major U.S. cities.

The author has received positive reactions to recommendation (e) (or variations of it) from several immigrant advocates with whom the author has discussed it.<sup>53</sup>

## 7.2 Illegal Immigration

Rather than make recommendations, the discussion here will be restricted to comments on the feasibility of recent proposals to reduce the level of illegal immigration:

- Increased border patrols. These have obvious value, but cannot be a full solution to the problem, as immigrant advocacy groups themselves have conceded.<sup>54</sup> Both Attorney General Janet Reno and INS Commissioner Doris Meissner strongly assert this as well.<sup>55</sup> Sylvester Reyes, chief of the El Paso sector of the Border Patrol, has said, "We're never going to seal off this border, not 100%, not ever," said Silvestre Reyes. "It's unrealistic to think we can."<sup>56</sup>

(Note, by the way, that recent reductions in apprehension rates of persons illegally entering the country lead to overly optimistic conclusions. In the past, many illegals from Mexico made periodic trips home. Their reactions to beefed-up border patrols are just the go home less often. So, an illegal who simply stays put in the U.S. is reducing the apprehension rates without reducing the number of illegals in the U.S.)

Immigrant advocates also concede that at least 30-50% of the ille-

<sup>53</sup>E.g. immigration attorney Mark Silverman of the Immigrant Legal Resource Center in San Francisco, Professor Bill Flores of the California State University at Fresno, and Rosemarie Fan of the Oakland Chinese Community Council.

<sup>54</sup>*Sacramento Bee*, December 17, 1993.

<sup>55</sup>*San Francisco Chronicle*, October 29, 1994.

<sup>56</sup>*Los Angeles Times*, July 3, 1994.

gal aliens originally cross the border legally, say on tourist visas, and then live here illegally after the visas lapse.<sup>57</sup>

- Enforce minimum-wage and other labor laws. This is obviously desirable. However, it must be kept in mind that most illegals, at least Latino ones, make more than minimum wage.<sup>58</sup>
- Deny education and public services to illegals. This of course, is what made California's Proposition 187 so controversial. From a pure feasibility point of view, though, many specialists on Mexico indicate that it could be effective. The *Los Angeles Times* of November 10, 1994 quoted Mexico's Undersecretary of Regional Development Enrique del Val as saying, "If those services [education and health care] are denied them there, they will come back." The December 7, 1994 issue of the *San Francisco Bay Guardian* featured an article by Mexican analyst John Ross, author of *Rebellion from the Roots: Indian Uprising in Chiapas*, who says that validation of 187 by the courts would result in "igniting the return of [possibly] as many as a million [Mexican] citizens from California." In discussions between the author and participants at the Western Farmworker Advocates Conference in November, 1994 (and in a number of other similar forums on immigration), there was apparent agreement with the notion that, at least, undocumented Mexican men would not bring their wives and children with them to the U.S. if services were not available,

though the men themselves might still come here.<sup>59</sup>

Presumably intermediate plans, under which some services would be denied, but not as many denied as under Prop. 187, would produce intermediate results.

Note, though, that while denial of services would definitely solve some of the fiscal problems caused by illegal immigration, it may not solve some of the problems of job competition.

Note also that, again viewed purely from the standpoint of effectiveness in reducing the illegal alien population, the provisions of Prop. 187 which require state agencies to report to the INS applicants for services who cannot prove legal status are virtually useless. Knowing that they would be denied service, the illegals would not apply for service, and thus there would be no one to report. There was thus no need to include such a provision in the measure.

- Set up a tamperproof work identification card, backed up by a computer database, as proposed by the Commission on Immigration Reform. This would be helpful, but one must realistically presume that unscrupulous employers, often of the same ethnicity as their illegal workers and knowing how to intimidate them, will continue to ignore such requirements.

## A Impact of Immigration on the Economy

### A.1 Barriers to Insight

The basic question of immigration's impact on "the" economy is flawed to begin with. Instead of viewing the economy as

<sup>59</sup>In particular, denial of educational services would not result in the development of a population of illiterate undocumented children in the U.S., as has been claimed by some.

<sup>57</sup>As pointed out by Yeh Ling-Ling of the Carrying Capacity Network, a computerized system is needed to track those who enter with temporary visas.

<sup>58</sup>David Heer, *Undocumented Mexicans in the United States*, Cambridge University Press, 1990, pp.204-205, notes that most undocumented men make more than minimum wage, and notes elsewhere (p.145) that most of the undocumented women are not in the workforce. Similar comments were also made by *La Opinion* columnist Richard Rothstein in *Dissent*, Fall 1993, and in a personal communication to the author.

a monolith, one should recognize that immigration's impact produces both winners and losers. For instance, an increase in the labor supply helps the owner of a Chinatown sewing factory by reducing wages, but hurts Chinese-American workers for exactly the same reason. Or, as pointed out earlier, immigration to San Francisco is a boon to bilingual people who wish to become teachers, but results in a degraded quality of education to the children.

Furthermore, as the father of modern economics, John Maynard Keynes, once joked, "You could lay all the economists of the world end-to-end, and they would never reach a conclusion." This is doubly true for economic analyses of immigration, for two main reasons.

First, an economist's analysis is often colored by his/her political views, and this is exacerbated in the case of emotional topics involving race, such as immigration.

Second, and even more important, as discussed earlier, most analysts, though they may be fine statisticians, do not live in immigrant communities, and thus do not know how to interpret the statistics they gather. Moreover, because these analysts do not know immigrant communities, the analysts do not know which statistics to gather.

This latter point is of the utmost importance. One of the most frequent errors made in statistical studies in general is to study a pair of variables, say X and Y, while ignoring the effect of a third variable, or "covariate," Z (or, more often, many covariates). This is a very serious error. For example, omission of covariates can change the correlation between X and Y from positive to negative or vice versa, thus resulting in completely wrong conclusions about relations. Similar effects occur in other types of statistical analyses. Again, this is a particularly serious problem in immigration studies, because the analysts do not know which "Z's" to account for.

Thus one should be very careful when evaluating any economic analysis of immigration, both pro or con.

## A.2 Job Creation by Immigrants

Immigrant advocates claim that immigrants (legal and illegal), through entrepreneurship and consumerism, are creating many jobs for native-borns. This is a serious oversimplification.

Immigrant entrepreneurs tend to operate within immigrant communities, and thus they tend to hire other immigrants, not native-borns. Similarly, immigrant consumers tend to patronize immigrant-owned businesses.

Consider a hypothetical Mrs. Chan, an immigrant from Hong Kong living in Milpitas in the South San Francisco Bay. On a typical day, she might go to a local Chinese shopping mall. There she might patronize a Chinese grocery, have a nice noodle lunch at a Chinese restaurant, stop by the Chinese bookstore and finally rent a Chinese movie from a video shop there.

All of the employers and employees she encounters there at the Chinese mall will be Chinese. And the mall itself is likely to have been financed by a Chinese bank, and built by a Chinese construction company. The businesses in the mall are likely to have bought their capital equipment, such as stoves, telephones, computers, and so on, from other Chinese businesses as well.

Similar statements hold for businesses not owned by immigrants. The jobs created by immigrants in those businesses are again likely to be held by other immigrants of the same ethnicity. For example, our hypothetical Mrs. Chan, upon returning home, may be called by a Chinese phone canvasser from MCI, soliciting her long-distance patronage. If Mrs. Chan then decides to make MCI her long-distance carrier, she will then be talking to Chinese operators when she needs operator assistance. MCI will make sure to

hire Chinese immigrants for these positions, both because Mrs. Chan may not speak English and also because MCI believes, correctly, that Mrs. Chan will feel more comfortable with them, not just linguistically but also culturally; she will feel more at ease with a fellow immigrant.

For the same reason, Mrs. Chan bought her home through a Chinese real estate agent, as is the case with most Chinese immigrants in the South Bay. In fact, had she chosen to do so, Mrs. Chan could have bought her house in a tract built by Chinese developer Jerry Chen near the Chinese mall, where one can find streets named Peking Drive, Shanghai Circle, Hong Kong Drive and Taipei Drive. And like many Honda buyers from Hong Kong, Mrs. Chan bought her Accord at Chinese-owned Grace Honda.

Thus a substantial proportion of jobs created by immigrants are held by other immigrants, not native-borns. To be sure, this does not mean "all" such jobs. Our Mrs. Chan, for instance may well visit Macy's after she leaves the Chinese mall, thus providing some jobs for natives (as well as for other immigrants). And her American-born children are patronizing McDonald's, Blockbuster Video and so on.

But the point is that though some jobs for native-borns are created as a result of immigration, native-borns at the same time have been found to be displaced from jobs. The net effect, positive or negative, is unknown—and indeed is unknowable, given the extreme complexity of the situation.

Still, one might argue for a negative impact of immigrants on jobs in the following way. Immigrants have the same level of workforce participation as natives, but lower per-capita incomes.<sup>60</sup> The lower incomes of the immigrants should lead to a lower level of consumerism, thus a lower level of job creation, relative to natives.

<sup>60</sup>See for example "Immigrants in California: Finding from the 1990 Census," Hans Johnson, California Research Bureau, 1993.

In other words, immigrants are creating fewer jobs than would the same number of natives, yet they are taking as many jobs as natives would—suggesting a net per-capita job loss. Again, such a simple analysis cannot be taken as definitive, but it does provide an explanation as to the factors behind an immigration-triggered job loss, if indeed there is one.

### A.3 Immigrant Entrepreneurship

Proponents of the current high levels of immigration often praise the entrepreneurial activities of immigrants. Indeed, many immigrants do run successful businesses. However, the mere existence of a business is not necessarily an economic plus, for a variety of reasons.

First of all, many immigrants are willing to continue to run a business which has low revenue or is even losing money, for a number of reasons. Since many immigrant businesses rely heavily on labor by the immigrants' family members who work without wages, the business might survive in spite of low revenues. Or the immigrant may have started the business in order to secure an investment visa, so the revenue is secondary. Or he/she may simply be hoping that the real estate value of the property will appreciate.

Second, Timothy Fong, in *The First Suburban Chinatown* (Temple University Press, 1994), found that in many cases a large nonimmigrant business which is providing substantial tax revenues will be replaced by several smaller immigrant businesses with collectively smaller tax revenues. (An Urban Institute study also found that immigrants have 38% lower tax compliance rates than natives.)

### A.4 Effect on Consumers

One might argue that the lowering of wages resulting from immigration is at least a boon for consumers. Yet as pointed

out by Rice University economist Donald Huddle, the consumers are in effect paying high prices for those goods via taxes, due to the higher rate of government services used by immigrants (see below). Thus the boon is to the employers, not consumers. Huddle notes, "If you add in the social costs, those jobs would have a very high wage. It's basically a free ride for the employer, with the taxpayer picking up the difference."<sup>61</sup>

For example, studies show that the average undocumented couple has an income of around \$10,000 per year.<sup>62</sup> They will pay little or no income tax in this bracket, and perhaps a few hundred dollars in sales and other miscellaneous taxes. Yet each of their children will use at least \$4,500 in state and other tax monies per year for schooling (over \$6,000 if the child has limited proficiency in English). In order to survive on this low income, they will also be forced to draw Medi-Cal (California's Medicaid), AFDC and so on. And this is not even counting the Earned Income Tax Credit for which the family is eligible.

Now suppose this family's \$10,000 income comes from a \$5/hour job for the husband. The family is receiving services on the order of double its income, so the real wage being paid to the husband (from the point of view of the consumer who buys the goods he produces) is more like \$15/hour. Thus his "low" wages are in reality not low at all, and the claimed boon to the consumers of the goods he produces does not exist.

### A.5 Use of Welfare Services

Immigrant advocates state that "Immigrants come here for jobs, not welfare. Also, they pay more in taxes than they receive in services." This is misleading in multiple senses.

First, it must be noted that in general,

statistics about immigrant use of welfare tend to be (intentionally or unintentionally) distorted, in many ways.

For example, the immigrant advocates often state that illegal immigrants are ineligible for most welfare services. What they omit is the fact that the illegals receive welfare via their U.S.-born children, who are U.S. citizens and thus eligible for all services.<sup>63</sup> This produces a serious distortion in statistical comparisons of immigrants (both legal and illegal) with native-borns, since welfare usage by those "citizen children" gets counted on the native side of the accounting ledger, as opposed to the immigrant side, where it should be.

Another common source of distortion arises from restricting statistics to immigrants of working age. This ignores the fact that welfare usage by elderly legal immigrants skyrocketed by 400% in ten years.<sup>64</sup>

For these reasons, it is more realistic to use a household basis for analysis. The 1990 Census data show that about 12% of immigrant-headed households in California contain at least one person on welfare, versus about 8% of the native-headed households.<sup>65</sup>

Moreover, there is a larger issue: Claims based on narrowly defining "services" to include only welfare ignore the fact that our taxes go to many things besides welfare, such as schools, roads, hospitals and so on, and this must be taken into account. In other words, to gauge the fiscal impact of immigrants, it is misleading to simply compare taxes paid to welfare used.

However, for illegal immigrant families, even this overly simplistic comparison shows a fiscal loss. As we saw above, the

<sup>61</sup> *Fresno Bee*, November 6, 1994.

<sup>62</sup> See the David Heer reference, p.155.

<sup>63</sup> Some illegals also get welfare via the use of fraudulent residence documents.

<sup>64</sup> *Washington Post*, December 19, 1993.

<sup>65</sup> See again "Immigrants in California: Finding from the 1990 Census," Hans Johnson, California Research Bureau, 1993. Here "immigrant" refers to both legal and illegal immigrants; the Census data do not distinguish between the two kinds.

typical illegal-immigrant family has an income of about \$10,000 and pays virtually nothing in taxes, while receiving public services totally several times their income.

Undocumented people come to the U.S. mainly for economic reasons. This of course includes jobs, but it also includes welfare. As mentioned earlier, some immigrant advocates and ethnic community leaders now admit that welfare is a magnet which attracts many elderly legal immigrants to the U.S.<sup>66</sup> It would be reasonable to assume from this that a number of illegal immigrants also find welfare attractive. In any case, as seen above, incomes of illegal families are so low that they are forced to turn to welfare to make ends meet, even if that was not their original intent.

<sup>66</sup>See for example: Yvonne Lee of the Coalition of Asian Pacific Americans, Cantonese Evening News, KTSF, Channel 26, San Francisco, June 15, 1994; the *Clinton Report Card*, compiled by the Organization of Chinese Americans (July 1994); Dr. Lester Lee, former member, University of California Board of Regents, *Asian Week*, December 16, 1994.

Peter Skerry. *The Brookings Review*, Summer 1993

# N O T M U C H COOKING

*WHY THE VOTING RIGHTS ACT IS NOT  
EMPOWERING MEXICAN AMERICANS*





**A**lthough most of the controversy surrounding the Voting Rights Act has focused on the benefits it affords black Americans, they are hardly its only beneficiary. Since 1975 Hispanics have also been covered. And though arguments for and against the Voting Rights Act's extraordinary provisions are routinely assumed to apply to blacks and Hispanics alike, in actuality the law does not work the same way for the two groups. Arguably, it hinders the political empowerment of Hispanics, Mexican Americans in particular. Certainly, the effect of the Voting Rights Act on Mexican Americans raises fundamental questions about using policies directed at racial barriers faced by black Americans to address the problems of a group composed primarily of recently arrived immigrants.

Census data on how Mexican Americans define themselves racially offer one widely overlooked reason for asking these questions. Despite the pervasive tendency to treat Mexican Americans, and Hispanics generally, as a nonwhite racial minority (as in routine references to "whites, blacks, and Hispanics"), in the 1990 census 50.6 percent of all Mexican Americans identified themselves as racially "white," while 1.2 percent said they were "black," and 46.7 percent identified themselves as "other race."

Another indicator that challenges the uncritical eagerness with which Mexican Americans are regarded as racially isolated from the mainstream is intermarriage. While blacks rarely marry outside their group, Mexican Americans frequently do. Indeed, exogamy rates for Mexican Americans have long been at least as high as those for European immigrant groups earlier this century.

Mexican Americans who grew up in Los Angeles during the 1950s and 1960s typically complain today that they were encouraged by their parents and teachers to "act like Anglos" and raised without much knowledge of their people's culture and language. In the late 1970s David Lopez surveyed 1,100 Mexican households in Los Angeles and concluded, "Were it not for new arrivals from Mexico, Spanish would disappear from Los Angeles nearly as rapidly as most European immigrant languages vanished from cities in the East."

The influx of Spanish-speaking immigrants to Los Angeles County since 1980 has been so great that 30 percent of Hispanics there told 1990 census takers that they do not speak English "very well." But if previous patterns of language assimilation prevail, they—and certainly their offspring—will learn English. Indeed, in recent years a persistent lament in the barrios of Los Angeles has been that Mexican grandmothers who speak little English have a hard time communicating with grandchildren who speak no Spanish.

Meanwhile, at the University of California, researchers with the Berkeley-based Diversity Project document "the corrosive impact of cultural assimilation" on Mexican-American undergraduates. Often the first from their families to attend college, these young people typically do not speak Spanish and consider themselves "white," only to discover on campus

## PETER SKERRY

that they are "Chicano," that is, members of a discriminated against racial minority. As one such youth put it, he was "born again at Berkeley." Ironically, for many Mexican Americans today the biggest difficulty is not obstacles to assimilation, but its unsettling consequences.

These trends may be slowed by the influx of Mexican immigrants in the past 10 to 15 years, not to mention the recent recession, especially in California. But there is no reason to believe that the basic assimilative processes have been stymied—or that the basic difference with black Americans has changed. Indeed, one manifestation of this difference that is particularly relevant politically is the residential mobility of Mexican Americans, who follow the classic immigrant pattern of gradually moving up and out of initially settled urban enclaves. A Rand Corporation study of 1980 census data found that "unlike the patterns for blacks, an influx of Latinos into an area does not appear to precipitate an outflow of Anglos. Thus, with increasing exposure to U.S. society and continued upward mobility, Latinos blend into the larger society."

Because compactness is one of the criteria in drawing legislative districts, such residential mobility and dispersion have increased the difficulty of drawing Hispanic-majority districts under the Voting Rights Act. In Los Angeles, for example, a historic 1990 federal court decision, *Garza v. County of Los Angeles*, created an Hispanic seat on the powerful five-person county board of supervisors. To construct the district, demographers focused on what they called "the Hispanic Core," an area composed of 229 contiguous census tracts, all but three of which had a majority of Hispanics. The Core contained 81 percent of all census tracts in the county with Hispanic population majorities in 1980, and 72 percent of its total population was Hispanic. But Hispanics were so widely scattered throughout Los Angeles County that the Core contained only 40 percent of the total Hispanic population there, and just 36 percent of all voting-age Hispanic citizens.

### Years of Exclusion

Do such indicators of assimilation mean that Mexican Americans have experienced no discrimination whatsoever? Not at all. Many harbor bitter memories of the way they or their forebears have been treated in this country. Indeed, in the rural towns and ranches of the Southwest, particularly in Texas, Mexican Americans endured virtual caste status. Early this century in Gonzales County, Texas, Mexican contract laborers were chained to posts and guarded by men with shotguns. Until rather recently Mexican Americans in South Texas often went to separate and inferior schools, worshipped at the back of churches, were excluded from Anglo neighborhoods by restrictive covenants, or were refused burial in public cemeteries. In politics, Texas Anglos used poll taxes, burdensome candidate filing fees, restrictive voter registration procedures, and, when necessary, intimidation and violence to ensure that "Mexkuns," as they were contemptuously called, wielded little power

*Peter Skerry, staff associate with the Brookings Governmental Studies program, is director of Washington programs at the UCLA Center for American Politics and Public Policy. This article is drawn from his book, Mexican Americans: The Ambivalent Minority (The Free Press, 1993).*

On the other hand, whenever Democratic candidates found it advantageous to mobilize the Mexican vote, local "jefes" were provided with the necessary "walking around money" to get their families, friends, neighbors, and subordinates to the polls. Poll taxes would be paid en masse; campaign rallies organized, and beer and tamales liberally supplied. On their way into the voting booths, the illiterate would be given strings tied with knots, indicating where their x's should be put on the ballot, and poll watchers would make sure Mexicans voted as they were told. Election supervisors would routinely violate the law by entering voting booths—when there were voting booths.

Such practices were recounted in great detail in 1975, when Congress brought the entire state of Texas under the Voting Rights Act. Undeniably, Mexican Americans in Texas, and elsewhere, have had to face offensive and humiliating forms of discrimination. Yet it must also be said that the barriers they encountered have been decidedly less overwhelming than those confronting blacks. Treated in law as "Caucasians," Mexican Americans met barriers more enforced by custom than enshrined in law.

As a result, the caste status of Mexican Americans was more porous and negotiable than Jim Crow. For example, while the Texas constitution of 1876 required separate schools for blacks, the segregation of Mexican Americans practiced in Texas until after World War II was a matter of local policy. And local attitudes varied widely. As David Montejano observes in his recent book, *Anglos and Mexicans in the Making of Texas, 1836-1886*, "In some counties, Mexicans and Anglos were completely separate. In others, there was an easy mingling among the two 'races' and few social distinctions were drawn between them." And those in oppressive circumstances had escape routes. One was the military during World War II, which, unlike for blacks, did not mean serving in segregated units. Another was the migrant labor stream. For with dependable sources of wages up north, where Mexicans were often treated relatively well, migrant families were less susceptible to Anglo social controls when they returned home at the end of the growing season.

Nor were Mexicans totally excluded from the political process, as were blacks, who were subjected to the infamous Texas "white primaries" struck down by the Supreme Court in 1944. Clifton McCleskey, perhaps the leading student of Texas politics, observes that "though local rules and informal discouragement" sometimes hampered Mexican American participation in politics, "in some respects Mexican Americans have traditionally had a place in Texas politics long denied to blacks."

Narrow though this foundation was, Mexican Americans used it to build up their political strength. Long before the Voting Rights Act, Texas was an incubator of Mexican-American political talent. President Clinton's first and most visible Hispanic cabinet appointee, HUD Secretary Henry Cisneros, is merely the latest in a long line of nationally visible Mexican-American leaders to have emerged from the state. And Texas has been the point of origin for virtually

every important Mexican-American organization this century: the League of United Latin American Citizens (LULAC), the American G.I. Forum, the Raza Unida Party, the Mexican American Legal Defense and Educational Fund, and the Southwest Voter Registration Education Project.

The obvious contrast is with California, where, despite a much more benign social and economic environment, Mexican Americans have enjoyed far less political success in terms of officeholding, public sector employment, and the number and quality of leaders and organizations. Greater social and economic opportunities in California have meant that fewer energies have been channeled into collective political efforts there, more into individual advancement. Moreover, the money- and media-dominated politics of California have long made it harder for a disadvantaged group like Mexican Americans to break into the political system.

The ironies are manifest. Although it was Texas's history of discrimination against Mexican Americans that laid the basis for including Hispanics under the Voting Rights Act in 1975, and although that year the law (section 5) covered Hispanics throughout Texas, while covering Hispanics in only a few rural counties in California, Mexican Americans in Texas were much more potent politically than their California cousins.

With the 1982 amendments, all of California (indeed, all of the nation) was brought under the Voting Rights Act. Since then, several new Hispanic seats across the Southwest can be attributed to it. Yet the relative political weakness of Mexican Americans in California has not changed. In Texas, the Voting Rights Act took the lid off a pot that was already boiling, allowing Mexican Americans there to achieve their political potential. In California, by contrast, that potential was much less developed. The lid may be off, but there is not much cooking.

#### Voting Rights Success Stories?

To be sure, the Voting Rights Act has increased the number of Mexican-American officeholders throughout Texas. The threat of a Voting Rights Act suit caused the San Antonio City Council to shift from at-large to single-member districts, resulting in an enlarged and stable Mexican-American plurality on that body. And a suit in Houston led to a reorganized city council and a gain of seats by Mexican Americans. Similar stories unfolded in other cities and towns across Texas. Yet many of those changes were already pending, because of the growing political clout of Mexican Americans.

In California the Voting Rights Act has also added to the number of Mexican-American officeholders, including breakthroughs onto the Los Angeles City Council and County Board of Supervisors. But the gains so achieved are less than meets the eye. For example, in the newly created district from which Gloria Molina was elected to become the first Mexican-American county supervisor since 1875, less than 5 percent of the approximately 1.8 million residents voted. Reflecting surprisingly low interest in an election that received national and world attention, this figure

#### IN TEXAS, THE VOTING RIGHTS

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also reflects the low proportion of Hispanics eligible to vote in Los Angeles. When created in 1990, Molina's First District had 707,651 voting-age citizens, compared with the predominantly Anglo Third District, which had 1,098,663. Hispanics constituted 71 percent of Molina's district's overall population and 59 percent of its voting-age citizens, but just 51 percent of its registered voters. Indeed, barely 27 percent of the Hispanic Core from which Molina's district was created were voting-age citizens.

The problem is that such districts are so packed with illegal immigrants and other noncitizens ineligible to vote that they are virtual rotten boroughs. To be sure, the result is more Hispanic elected officials. But these officials are certainly not viewed by their Anglo counterparts as colleagues capable of delivering substantial blocks of voters. Indeed, by concentrating noncitizens in such highly visible districts, the problem of low Hispanic political participation gets highlighted, and the stereotype of Hispanics as politically passive gets reinforced. Moreover, by fostering the impression that significant political power is being acquired, these districts reduce the pressure for more gains, both political and substantive.

Many argue that more Mexican-American officeholders result in increased rank-and-file participation. But the evidence from Los Angeles suggests otherwise. For Voting Rights Act-fostered districts seduce Mexican-American officeholders into a numbers game. Habituated to the passivity of their many nonvoting constituents, but unable to rest content with their relatively weak positions in a dynamic social and political system, such officials have come to rely on increasing numbers of Hispanics (regardless of their eligibility to vote) as the means of maximizing their influence. For, according to the affirmative-action logic that now pervades our political culture, steadily increasing numbers of Mexican immigrants automatically translate into demands for more Hispanic employees and elected officials.

Yet high levels of immigration are not necessarily in the interest of Mexican Americans generally. Immigration from Mexico certainly undercuts them economically, especially those with low skills and wages. And immigrants create political problems. They are certainly not easy to organize for political goals, and massive immigration creates so much instability and transience that political efforts become far more difficult. In precincts where noncitizens equal or outnumber potential voters, registration drives resemble the proverbial hunt for a needle in a haystack. The search soon becomes as tiresome as it is inefficient—and expensive.

The resulting dynamic is precisely the opposite of what is often argued—that Mexican-American leaders seek to control their constituents by isolating them in barrio enclaves. On the contrary, these leaders understand the powerful forces that are drawing their people into America's mainstream. Their goal is therefore not control over constituents, but over agendas. And for those seeking to portray Mexican Americans as a disadvantaged, discriminated-against minority, the continuing arrival of poor, uneducated immigrants serves precisely this purpose.

In sum, the political weakness of Mexican Americans today, es-

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THE VOTING RIGHTS ACT IS AT  
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pecially in California, but also in Texas and elsewhere, is explained less by the historical grievances on which the Voting Rights Act is predicated than by the group's high proportion of noncitizens.

**The Wrong Answer  
to the Real Problem**

But if noncitizenship is the critical barrier to Mexican-American political advancement, how have we come to rely so singlemindedly on the Voting Rights Act? In the first instance, it responds to Mexican Americans who feel that their grievances against this society are every bit as pressing as those of black Americans. More mundanely, in a complicated and often intractable world, elective posts have become one of the tangible, measurable goods that Mexican-American leaders can deliver to their people.

Moreover, the Voting Rights Act serves the needs of various Anglo elites. Republicans, for example, support implementation of the act because packing

Hispanics into specified districts results in safer Anglo—that is, Republican—districts. And Voting Rights Act-induced rotten boroughs permit Democratic leaders to respond to the aspirations of a disadvantaged group without much risk of mobilizing tens of thousands of new voters who would complicate the difficulty of assembling successful coalitions.

Even among those motivated by genuine concern, the Voting Rights Act, as applied to Mexican Americans, smacks of a legalistic quick fix for elites impatient with the real obstacles to this group's political advancement. The impatience of Mexican-American leaders is understandable. That of Anglo elites is more perplexing, but traceable to a lesson absorbed during the civil rights turmoil of the 1960s: if tolerance is a virtue, so is impatience. At least, having once been roundly, and justifiably, criticized for counseling patience to victims of racial discrimination, such elites are determined not to make the same mistake again.

Yet impatience may be ill advised when dealing with the problems of recent immigrants. It inevitably leads to comparative victimology, which unfortunately risks exacerbating tensions among all groups, especially between blacks and Latinos. Moreover, impatience communicates the wrong message to new arrivals and risks raising unrealistic expectations, which may have been reflected among the Latino voters last year in Los Angeles. Not only does the Voting Rights Act falsely teach that political power can be willed into being by well-meaning elites, it leads all of us to forget what a long and arduous process it is for immigrants to become full participants in American life. Indeed, we now seem incapable of even waiting for these immigrants to settle in and adapt to their new home before declaiming them to be victims of a regime that fails to include them.

For Mexican Americans the Voting Rights Act is at best a palliative. At worst, it reflects the most egregious opportunism of the 1980s, when we refused to consider the consequences, political or economic, of unlimited immigration. But now that all these people are here, and their numbers continue to grow, we need to find more effective, and less divisive, ways of bringing them into our political system. ■

## APPENDIX 2.—RESPONSES FROM WITNESSES TO ADDITIONAL SUBCOMMITTEE QUESTIONS

# RAND

May 31, 1995

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Immigration

**Georges Vernez**

Director

Center for Research on Immigration Policy

The Honorable Lamar Smith  
Chairman, Subcommittee on  
Immigration and Claims  
2138 Rayburn House Office Building  
Washington, DC 20515-6216

Dear Mr. Smith:

In your letter of May 9, 1995, you raised two follow-up questions to the Subcommittee's April 5 hearing on the impact of illegal immigration on public benefits and the American labor force. Below are my responses to these questions.

1. How can we develop the data that will result in more meaningful studies of the net costs of immigration?

A dedicated new data collection effort--designed specifically to give policymakers the information they need--is needed to develop credible and reliable estimates of the net costs of immigrants. It would require surveying a large representative sample of immigrants originating from key countries of origin. For each immigrant family member, the following information should be collected:

1. Immigration status (e.g., undocumented, temporary protected status, IRCA legalized, legal resident by preference category).
2. Service needs and use for a broad range of public services, including health care, mental health, education, welfare, legal, and social services.
3. Contributions to public revenues from all key sources (e.g., income, payroll and property taxes, sales tax, fees, and others).
4. Socio-economic characteristics including age, income, education, employment status and occupation.

A dedicated survey of immigrants would face many of the same design and technical issues faced by any other survey. It would also present unique challenges because of the sensitivity of the data sought and the need to overcome language barriers. These issues and proposed solutions are outlined in our report "Surveying Immigrant

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Mr. Smith

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May 31, 1995

**RAND**

Communities: Policy Imperatives and Technical Challenges," RAND, MR-247-FF, 1994, which was cited in and attached to my testimony of April 5.

The proposed dedicated survey would require an investment of \$6 to \$8 million dollars just for an initial one-wave survey of immigrants.

2. Should studies focus on the cost of an immigrant in a particular fiscal year or on the expected costs over the immigrant's lifetime?

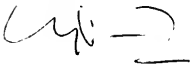
Both questions have public policy relevance, should, and can be addressed. State and local policymakers are required to balance their budgets on an annual basis and are concerned with the first question. Federal policymakers make decisions on criteria for entry and ought to be concerned with the long-term effects of these decisions on public service demands at all levels of government.

The preferred approach to addressing both issues is a panel longitudinal survey of immigrants--i.e., interviewing the same individuals at two or more points in time. The first interview of this panel would provide information about costs in a particular fiscal year. Subsequent follow-up interviews would provide information about costs in subsequent fiscal years and information on costs over the individual immigrants' lifetime.

More details addressing responses to the above two questions are contained in "Immigration: Getting the Facts" which is enclosed.

Please let me know if you have any further questions or I can be of further assistance.

Sincerely,



Enclosure: Immigration: Getting the Facts, IP-123

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# RAND *Issue Paper*

*Exploring Topics of Interest to the Policy Community*

JUNE 1993

PROGRAM FOR RESEARCH ON IMMIGRATION POLICY

ISSUE 1

## Immigration: Getting the Facts

*R. Burciaga Valdez, Julie DaVanzo, Georges Vernez, Mitchell Wade*

Immigration to the United States, a force already posing major challenges to society, is almost certain to increase even further. As the nation debates the issue of immigrants—how they affect society and the economy and how best to absorb them—participants at every level need more information. Is immigration a positive force? Who bears its costs? How much of the resulting stress can local communities absorb? Ultimately, America must determine what public policies, if any, can assist its newest residents in their effort to become successful members of the larger community.

Current data sources simply don't answer these questions. Researchers and policymakers cannot rely on case studies, convenience-sample surveys, and indirect estimates; they need entirely new data. To provide the statistical confidence needed for important policy decisions, the new data must be gathered from a large number of immigrants. To shed light on the diverse populations now entering the United States, they must be drawn from several different ethnic and regional groups. And to describe the complex, long-term process of adaptation that immigrant families go through—a process that almost certainly includes major changes in social service needs and economic contributions—the data should include several points over time. Data like these can finally provide reliable guidance for immigration policy. The most effective way of collecting them is a new national survey of immigrants.

Such an effort is likely to be difficult and expensive. It will raise many challenges in design and

implementation and, indeed, some question of feasibility. In this issue paper we briefly outline

- The forces challenging immigration policy.
- The reasons that new data are needed.
- The feasibility of obtaining those data.
- Key considerations for the survey's design.
- Suggested procedures for implementation.

### Expanding Immigration Flows

Immigration has reemerged as a major challenge for U.S. social policy. During the past decade, changes in immigration law expanded the number of government-sanctioned immigrants allowed to enter and stay in the United States.<sup>1</sup> In addition, undocumented immigration appears to have continued unabated, despite laws against hiring undocumented workers.<sup>2,3</sup> These flows will probably expand through the rest of this decade.<sup>4</sup> Pressures from Eastern Europe, territories formerly part of the Soviet Union, and other areas experiencing regional conflicts encourage the U.S. government to admit more refugees each year. And despite the current recession, the United States continues to be an attractive destination; immigrants motivated by family unification or political and ethnic violence are seldom discouraged by U.S. economic conditions.

Recent immigration is already having substantial effects on the nation's demographic makeup.<sup>5</sup> Between 1980 and 1990, the number of foreign-born residents in

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the United States increased by 8.7 million. For some areas, the impact has been proportionately greater. In Los Angeles, San Francisco, Dallas, Houston, and Miami, foreign-born residents now make up between a fifth and a third of the total population. And numbers alone understate the impact; recent flows have brought the most diverse group of immigrants since the early 1900s—many of them with relatively low levels of education—sharply increasing the challenge to schools and other agencies that must communicate in dozens of languages and with differing levels of sophistication.<sup>6</sup>

### Growing Public Impact

This wave of immigrants poses challenges at every level of government. Given the growing proportions of Latinos and Asians in the U.S. population, for example, and given increasing regional economic integration (e.g., the North American Free Trade Agreement), should national policymakers negotiate new agreements on regional labor markets and immigration flows? At the state and local levels, resource and equity concerns are more immediate. High concentrations of immigrants—who work for relatively low wages and who compete for jobs and public benefits—stress local jurisdictions and the social fabric of the community.<sup>7</sup> On the other hand, they may fill low-wage and difficult jobs that few natives want. Immigrants' concentration in urban centers and their relatively high fertility rates add to concerns over the future of American cities, especially because it is the federal government that controls immigrant flow—not the localities most sharply affected.

In the resulting policy debates, immigration elicits intensely emotional responses. Especially in times of recession, tensions surrounding the issue have resulted in hostility and occasional violence or civic unrest. The nation has sometimes even effectively closed its doors to newcomers.<sup>8</sup> On the other hand, in a nation created and re-created by waves of immigrants, there is a strong belief that newcomers' talents, energy, and hope for a better life reinforce the American dream, actually enriching our economic and cultural lives.

### Complex Policy Questions

Facing difficult questions in this highly emotional context, policymakers are handicapped because so little is actually known about today's immigrants and their costs and contributions to American society. The United States does not collect the information needed to guide immigration policy, or even to measure its consequences.<sup>9,10</sup> Policymakers need to make fundamental decisions: How much additional immigration and what types of immigrants should be encouraged? How many

immigrants can the nation productively absorb? Should government help them adjust to life in the United States? If so, how? How should immigration concerns affect foreign policy? To make these decisions they need answers to some basic questions:

- Is this new and sizable wave of immigration a positive force for this country's economic and cultural development? Do immigrants create jobs for others, or displace native workers?
- Do immigrants use public support strictly to get on their feet, or do they become dependent upon it?
- How do kinship networks operate in family reunification—a major goal of U.S. policy—and what does this imply about future demand for immigration?
- How do immigrants move into better-paying, more stable jobs? What factors—vocational training, formal education, learning English, personal contacts, or changing immigration status—should policies emphasize?
- Are immigrants becoming culturally and economically integrated into mainstream America?
- How do immigrants invest in education and other skills? Do they help meet critical labor shortages (a key goal of current policy)?
- What economic burden does immigration create, and how is it shared among government, immigrants, and others? How much immigration can local communities absorb?

### The Need for Better Data

Unfortunately, the data now collected cannot adequately answer these basic questions. To guide immigration policy, analysts and decisionmakers need survey data with two key characteristics.

*First, the data must cover a large sample of immigrants.* Immigrants from different countries often use services, pursue education, and adapt to their new environment in sharply different ways. Thus, a city dealing with waves of Central American immigration may need very different policies from one whose largest immigrant group is from China or Southeast Asia. But large, general surveys often fail to support such comparisons because the sample sizes of specific immigrant groups are too small. Samples are also too small for comparisons among U.S. regions. Surveys that focus on immigrants, on the other hand, are generally local efforts concentrated on a single country-of-origin group; again, group or regional comparisons are impossible.

*Second, the data must reflect changes over time.* Questions about how immigrants affect society are

intrinsically dynamic. They need data on three types of changes: *cohort effects* (differences between waves of immigrants entering the United States at different periods), *individual changes* (changes over time experienced by each immigrant), and *generational changes* (differences between immigrants and their offspring). The few existing efforts that sample enough immigrants to be useful are either one-time surveys (which obviously cannot describe change over time) or conducted so infrequently that important changes are essentially ignored and causal relationships cannot be identified.

### **Practical Problems**

In addition to these fundamental shortcomings of design, the surveys most often used to analyze immigration face two procedural problems. One is simply language. Many national databases that have been major sources of information about immigrants have not used appropriately translated survey instruments for respondents with limited English ability. On-the-spot translations by interviewers or household members are inadequate for assuring comparability of data across language groups—or even within them. The absence of translated survey instruments may also result in samples that underrepresent those who do not speak English.

The second procedural problem lies in collecting data specific to immigrants and immigration policy. Most current surveys are intended to answer other research and policy questions. So they seldom, for example, distinguish documented from undocumented immigrants. Yet immigrants' legal status affects behavior and eligibility for various government programs for both immigrants and their employers. In California, for example, immigrant women are eligible for prenatal care regardless of their legal status, yet many of them do not use this service. Because programs extending prenatal care to the undocumented ultimately save local and state governments health-care dollars, it is vital to encourage their use. But without data that distinguish documented from undocumented immigrants, policymakers can't tell whether public programs are having their intended effects.

### **Compromise Solutions**

To see the combined effect of these shortcomings in design and procedure, consider the major efforts that immigration analyses are now forced to rely on:

**The decennial census**, which provides the data most commonly used to describe immigrants, actually identifies immigrants by country of birth. This misclassifies citizens born abroad and provides no information about legal immigration status. The census also provides only

a snapshot of the population every ten years, rather than the connected series of data over time that is needed to understand the dynamic process by which immigrants adapt. Although census data provide a limited capacity to compare foreign-born groups by the number of years they have lived in the United States, they do not allow researchers to examine the individual and family dynamics that are critical for answering such basic questions as how immigrants move into better jobs. Finally, the census does not cover immigrants who have returned to their home countries. Data about such individuals can indicate which support services are effective and which are not. They can also help develop a consensus about whether and when interventions are needed.

**The Current Population Survey (CPS)** has been used to estimate immigrants' labor force participation and family income. But because so few immigrants are included in each survey, analysts must combine information for several different years. Combined with some of the flaws noted for census data, this makes CPS data largely inadequate for understanding the adaptation process.

**National sample survey efforts**, such as the General Social Surveys, the National Longitudinal Surveys of Labor Market Participation, the National Longitudinal Survey of Youth, and High School and Beyond, often collect data on useful topics, but they rarely include enough immigrants for meaningful analysis. The Survey of Income and Program Participation, the Survey of Income and Education (SIE), and the Panel Study of Income Dynamics also suffer from inadequate numbers of immigrants in their samples.

### **A Pilot Survey**

Existing data sets cannot guide immigration policy. Although their collection efforts could conceivably be changed to provide more useful data on immigrants, an entirely new survey—designed specifically to give policymakers the information they need—would be more effective. Such an effort is clearly the best way to obtain data on large samples of immigrants at several points in time. It would also be a very effective way of addressing the problems of language and immigrant-specific data present in most current surveys.

Some have argued, however, that a large-scale survey of immigrants—particularly one that seeks to describe changes over time—may not be feasible. And indeed, such an effort would pose special problems, such as identifying immigrant households, overcoming language barriers, and obtaining adequate response rates. To see whether these problems can in fact be addressed, we undertook a pilot study: the Los Angeles



Community Survey (LACS), conducted in 1991, covering Salvadoreans and Filipinos.<sup>11</sup> These populations are especially interesting because they are expected to grow in the long term, include recent arrivals as well as long-time residents, and have not been extensively studied. The survey itself focused on immigration status, employment experiences, service use and needs, tax contributions, economic transfers among family members (including those back in the home country), language ability and use, and educational expectations and achievements.<sup>12</sup>

Our pilot effort faced many of the same challenges that a national survey would confront, though on a smaller scale: recruiting and training bilingual staff, identifying neighborhoods where populations of interest are concentrated, developing and testing culturally appropriate instruments, identifying individuals who qualify for the sample (which we accomplished using a short, separately administered screener), and locating the same respondents again for a second interview (in our case, this was the main survey, which we administered two to three months after the screener).

### Encouraging Results

There are, of course, real differences in size, duration, and cost between our pilot study and a national survey. Even so, the LACS demonstrates that a survey designed specifically to provide useful data on immigrant families and their adaptation processes, though challenging and expensive—LACS costs totaled \$545 per completed interview—is indeed feasible. Our pilot study, for example:

- Obtained useful information for targeting high-concentration sample areas beginning with eleven-year-old census data. (The 1990 census data were not yet available.)
- Successfully recruited and trained bilingual survey staff.
- Enlisted the cooperation of Filipino and Salvadorean respondents at acceptable rates. (Our refusal rates—5 percent for the Salvadorean sample and 8 percent for the Filipino sample—are comparable to those commonly obtained on personal interviews in urban settings.)
- Elicited responses to sensitive questions, including immigration status, that are critical for developing and assessing policy. (Item nonresponse was comparable to general population surveys, even on sensitive questions, and under 5 percent for most items. Interviewers felt that respondents were remarkably honest in reporting immigration status.)

Success under these conditions strongly implies that a larger national effort is feasible.

### Design Considerations

If such a national effort is mounted, what should it look like? Although many concerns would have to be considered in designing such an effort, we believe that special attention should be paid to four key aspects.

#### *Describing Change over Time*

The survey should track the experience of immigrants in the United States over time, analyzing effects on the people themselves as well as on their host communities. This requires either a *panel survey* (interviewing the same individuals at two or more different points) or *repeated cross sections* (interviewing a new set of individuals every time).

**Analytic Tradeoffs.** Each method offers unique advantages. Studying the changes that individuals experience requires a panel design. Likewise, changes across generations are best studied when information on different generations is collected within the same families. In practice, these advantages are substantial. For example, cross-sectional surveys might seem to show rising income levels for a cohort, even if this simply reflected the retirement or death of older members and the higher wages of younger members in successive examination. A panel study can reveal the difference. Repeated cross sections, on the other hand, may be more useful for studying the changes that take place in a city or neighborhood; since each new set of respondents can represent a random sample of the area surveyed, this design can better detect, say, an influx of new immigrant groups.

**Cost Considerations.** Panel surveys are often more difficult and expensive. Although the expense of constructing the sample (identifying areas where immigrants are concentrated, finding immigrant households, and persuading individuals to take part) is all in the first survey round, all later rounds involve *tracking*: finding the first-round respondents so they can be interviewed for later rounds. For some immigrant populations, highly mobile and less likely to be reached by telephone for follow-ups, tracking is a major concern. Migrant workers, the undocumented, and those leaving the country may be particularly hard to retain. The LACS found very high mobility among certain populations; in the two to three months between our screener and main interview, only 2 percent of the Filipino sample moved, but 11 percent of the Salvadoreans did. Respondents were willing to give potential contact information but did not use specially

designed postcards to indicate their new location when they moved.

**Proposed Approach.** We believe that for a national survey of immigrants, designers should seriously consider a panel component, either as a separate new study or in conjunction with one of the current panel surveys. Despite the difficulties, panel data can best answer many of the most important policy questions. They can directly estimate effects that have been restricted to indirect estimation in the past, such as how long immigrant households depend on public support, enabling policymakers to base decisions on real trends unfolding in local communities. But given the high mobility of many immigrant groups, a national effort should also include successive cross sections, both to avoid the biases created when respondents drop out of the sample and to allow study of changes in specific areas as new populations enter.

### **Choosing Target Areas**

Because immigrants represent only a small share of the total population, assembling a sample by randomly selecting households nationwide and then administering the questionnaire only to immigrants would be extremely expensive. Targeting areas of immigrant concentration focuses resources and increases survey efficiency. Surveying cities where immigrants are concentrated is also the best way to understand the true impact of immigration. Nationally, the social effects of immigration are likely to be small; locally, they can be much more dramatic, depending on the size and composition of the local community and the concentration of immigrants there. For a national effort, the choice of what types of cities to survey, and which particular cities, must take these factors into account.

### **Selecting Populations to Study**

Any survey of immigrants requires a basic decision: should we sample from all foreign-born residents or only from certain immigrant communities? Focusing on a few carefully chosen groups permits larger subsamples from each country of origin—and allows for useful comparisons. But which groups to survey? Several factors must be considered. Survey designers might choose one group whose migration was motivated primarily by economic forces and another composed largely of political refugees, and compare the two. Language group should also influence the choice. For example, because we conducted the LACS in Spanish, we could have interviewed people from a number of different countries in Latin America. Our Tagalog questionnaire, in contrast, was usable only with Filipino

immigrants. A new immigrant survey should probably include a Spanish-language sample and several Asian-language groups. One of the criteria we used to select study populations was the likelihood of additional large-scale immigration to the Los Angeles region. We believe that a national effort should focus on a small number of immigrant groups, chosen to reduce costs and increase policy-relevant findings.

### **Overcoming Language Barriers**

Recent interest by the National Institutes of Health in translating English survey items and scales to other languages highlights the validity concerns raised by working with limited-English populations. To yield valid information, the survey instrument must be linguistically and culturally appropriate for the communities under study. Translations, for example, must account not just for the language but for the level of formality used by the specific population. Our experience in translating the LACS English questionnaire into Spanish and Tagalog suggests that bilingual members of the interview team (and, ideally, bilingual field supervisors and researchers) are invaluable in the early stages to identify measurement problems that arise in translating key constructs into different languages. Survey designers must attend not only to what is asked, but also to the equivalence of response categories across languages. We also believe that the different-language questionnaires should be developed simultaneously, not sequentially, so that all the issues of language and cultural variations can be dealt with at once. Making decisions about the constructs to measure without considering how easy or difficult it will be to express them in the various languages can prove frustrating and costly.

### **Vital Procedures**

Beyond major design features, our experience with LACS emphasized the importance of four specific procedures in conducting a survey of immigrants.

*First, if at all possible, use bilingual field staff from the community being studied.* This pays dividends at every stage. In preparing for LACS interviews, for instance, we discovered that the preliminary list of housing units was incomplete; it did not include hidden housing units such as unofficially converted garage apartments. This list, though recent, had been completed by someone unfamiliar with the neighborhoods and who spoke only English. A relisting by familiar, bilingual interviewers brought these hidden housing units into our sample. Interviewers from the communities were also comfortable working in the

immigrant neighborhoods and persistent in their efforts to locate and interview sample members. Perhaps most important, such interviewers can increase survey participation—a vital gain, since nonparticipation could seriously bias what can be learned from immigrant surveys. Cultural norms or an inability to speak English well may inhibit some groups or individuals (e.g., wives) from responding. Linguistic and cultural sensitivity, along with thorough training, can help overcome these barriers. In our pilot, *all* Salvadorean respondents completed the interview in Spanish. And though 60 percent of the Filipino interviews were conducted in English, interviewers often used Tagalog at first to establish a positive rapport. For a longer-term effort, maintaining the staff to conduct follow-ups and track respondents would provide continuity for respondents and the project.

*Second, develop data-collection methods that protect confidentiality—and increase response to sensitive questions.* Any immigrant survey should pay special attention to establishing trust between interviewers and participants, as well as assuring privacy and confidentiality. A federal confidentiality certificate guaranteeing protection of the survey information and the respondent's identity may prove helpful. For the LACS, clustering the sample and interviewers in a few target neighborhoods facilitated efforts to persuade families to participate. Our training emphasized how interviewers should respond when asked about the confidentiality and uses of the survey data. Staff also found that saving the most sensitive questions until close to the end of the interview allowed a strong rapport to develop, making response more likely. Finally, procedures that visibly protect the respondent's privacy also seemed to help. In asking about current immigration status, for example, LACS interviewers handed respondents a card listing potential responses, each identified by a number, and asked for the number that corresponded to their current immigration status. *All* respondents answered the question. About 24 percent of the Salvadorean and 3 percent of Filipino respondents acknowledged currently being undocumented immigrants; all Salvadorean respondents who indicated that they were currently temporary-protected-status immigrants also acknowledged that they entered the country as undocumented immigrants. Thus, 90 percent of our Salvadorean sample reported their entry immigration status as undocumented.

*Third, adapt questions and procedures to the special characteristics of immigrant populations.* In obtaining useful responses, honesty and clarity are not the only concerns; respondents must also have the information needed to answer accurately. LACS included several

questions about the family's current expenses that had higher-than-average missing data, presumably because the respondents did not know the exact amounts requested—and we had not given them the option of providing a range. In general, many respondents had difficulty with questions that asked about the entire household (e.g., family income, use of public services); the respondents were generally comfortable providing answers about their own personal experiences but seemed a less reliable source of information about the entire family. Immigrants tend to live in large families, and their households often include extended family members. Obtaining information about the entire household may require interviewing more than one respondent.

*Finally, invest in training and supervision for survey staff.* In the LACS, the staff's performance exceeded our expectations and is largely responsible for the survey's success. Drawing from the Los Angeles metropolitan area, we were able to recruit three dozen well-educated, bilingual interviewers; smaller communities may have to use less-educated staff. No matter how large the community, however, finding bilingual staff who already have survey experience will prove difficult. This lack of experience can have a noticeable impact on the content and structure of interviewer training programs and the level of field supervision required. The LACS, for example, used as much training time for the five-minute screener as for the one-hour main interview, because we had to spend considerable time both teaching interviewers how to introduce the survey and allaying their own and respondents' concerns about it. We also discovered some interviewer cheating that, if not for strict validation procedures, could have compromised the sample. As with any survey, a random percentage of each interviewer's work should be validated by supervisors soon after the interview, and any problems should be carefully investigated.

## Conclusions

A new study of the type we propose would require a great deal of time, money, and expertise. Major investments are required in the personnel, advanced planning, and surveillance needed to conduct a survey in immigrant neighborhoods. Bilingual interviewers and immigrant respondents require considerable time to complete interview tasks with which other populations may already be familiar. Addressing ethical concerns about privacy and confidentiality may require more time than is often taken in the course of current survey research efforts; so may allowing for culturally appropriate behavior. As a result of these factors, LACS

interviewers spent close to four hours per completed case to locate respondents and conduct a one-hour interview. This does not include the time for interviewer training or field supervision.

A rough cost estimate based on our experience in Los Angeles suggests that preparing and conducting the initial interview for a survey of 9,000 immigrants in nine sites across the country would cost about \$6 million. (This assumes that the survey would be conducted in six high-density and three low-density urban areas, focusing on selected groups of immigrants in each location.) Costs for subsequent years would vary considerably. For a panel survey, they would depend mainly on tracking effort: how much time would be spent locating respondents who had moved since the last interview. For a cross-sectional design, screening costs—driven by the difficulty of identifying each new qualifying household—would be the key variable. In any event, survey costs would be substantial. But they would surely be low compared to the potential costs that immigration may impose, or even to the costs of programs intended to address immigration issues.

For policymakers seeking to understand the effects of immigration on society, even the most extensive survey is no panacea. The issues are so complex, and the concerns and relationships so varied, that no single effort can resolve them all. But at every level, the public debate *does* need new data. Understanding the social effects of immigration policy means understanding how immigrants adapt to life in the United States. Only a large, specially designed survey can provide this understanding. By directly examining the changes and adjustments in the adaptation process, a new survey can give policymakers the facts they need to face the challenges of unprecedented immigration.

*About the authors: R. Burciaga Valdez and Julie DaVanzo were the principal investigators for RAND's Los Angeles Community Survey. Valdez is Professor of Health Policy and Management at UCLA and a senior social policy analyst at RAND. DaVanzo, a RAND senior economist, directs the*

*Family in Economic Development Center. Georges Vernez is director of RAND's Education and Human Resources program and its Program for Research on Immigration Policy; Mitchell Wade is a communications analyst there. Audrey Burnam provided many valuable suggestions for this paper.*

*This issue paper draws on the forthcoming report Surveying Immigrant Communities: Salvadoreans and Filipinos in Los Angeles, RAND, MR-247-FF. Jennifer Hawes-Dawson and Barbara Levitan made important contributions to that report.*

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May 23, 1995

Hon. Lamar Smith  
 U.S. House of Representatives

Dear Mr. Smith:

This is in response to your letter of May 9, in which you asked some followup questions to my April 5 testimony to your subcommittee. My responses follow. (For ease of reference, I have reproduced your questions here in italics.)

*1. What conclusions do you draw from your finding that 56 percent of African-Americans voting in the California election supported Proposition 187?*

First of all, I believe it is important to note that Prop. 187 was treated by those who voted Yes—at least large numbers of them—to be a referendum on immigration in general, both illegal and legal. I believe that African-Americans viewed the measure this way too.

Now, why did blacks vote Yes in such large numbers? I believe that their reasons were those I cited in written testimony, regarding the negative impacts of immigration on African-Americans: competition for jobs, reductions on the quality of education, and most importantly, immigration's effect in transforming African-Americans into the Forgotten Minority.

I also should mention in this regard that black political leaders have generally opted to support immigration, in the hopes that Asian and Latino politicians will support blacks in return. Yet it is increasingly the case that Asian and Latino politicians have been indifferent to blacks, even acting counter to the best interests of blacks. A good example of this is bilingual education, and indeed some Asians and Latinos have publicly suggested that an alliance between themselves is more natural than an alliance with blacks. I cited an example in my written testimony that shows that even well-meaning Asian/Latino politicians can "forget" about blacks. Many African-Americans sense that their leaders are letting them down in this regard. I believe that this feeling added to the black vote in favor of Prop. 187.

*2. Your testimony understandably focuses on the situation in your native State, California. Do you believe that these impacts are similar in other areas of the country? What about in cities where there are significant minority populations but relatively few newly-arrived immigrants? Examples might be Detroit, Cleveland, Milwaukee, or Baltimore. Are African-Americans in a relatively better position in these areas?*

Before getting into the core of my answer to this question, let me state that I am not claiming the immigration is the cause of all of the problems that exist among African-Americans.

The other point I must make before answering the question is to caution, as I did before, that one should be very critical of statistical analyses. Again speaking as a professional statistician, one of the most frequent errors made in statistical studies in general is to study a pair of variables, say X and Y, while ignoring the effect of a third variable, or "covariate," Z (or, more often, many covariates).

This is a very serious error. For example, omission of covariates can change the correlation between X and Y from positive to negative or vice versa, thus resulting in completely wrong conclusions about relations. Similar effects occur in statistical analyses.

This is a problem with statistical analyses of immigration in particular, for the reason I gave before: Most immigration analysts are not immersed in immigrant communities, and thus are not aware of the important covariates.

These problems must be kept in mind when viewing studies which attempt to relate the levels of immigration in various cities with "target" variables such as unemployment or whatever. Each city has its own unique conditions, including dynamics in time. To try to draw comparisons among cities is a very risky undertaking in general, and as I said, particularly risky in immigration studies, where the relevant covariates are often unknown.

Now, with that preamble, let me address your question. My answer is that I believe that African-Americans *throughout the nation* are being adversely impacted, to a significant degree, by immigration.

I again must bring up the concept of the Forgotten Minority. Attention being paid to immigrant-dominated groups by the federal government is reducing attention paid to all African-Americans, not just those in high-immigrant population cities. In fact, several of the examples in my report apply here.

Federal money spent for bilingual education is money that could be spent on improving education for the black underclass. The federal funds now being spent for welfare for immigrants could be used for job training and child care which would help the black underclass off welfare. (And again, let's keep mind that even the most draconian welfare-reform proposal currently in Congress gives immigrants full welfare rights once they naturalize.)

There may not be a large population of recent immigrants in the cities you mention above, but there are big universities in all of them, and all of those universities have very substantial enrollments of foreign students. The "McDonald's clause" in the 1990 Immigration Act allows these foreign students to work off campus, typically in low-skilled jobs such as in the fast-food industry—in direct competition with the black underclass of those cities. And though these foreign students are not yet immigrants at the time, a large proportion of them have immigration as their ultimate goal, with study at an American university being a mere steppingstone.

And although those cities have low populations of recent immigrants, voters there are certainly well aware of the Model Minority image of Asian immigrants. When faced with, say, ballot initiatives aimed at helping the black underclass—school bonds for the inner city, locally-funded job training and child care programs, help to black businesses, and so on—many voters will use the Model Minority as an excuse to vote no. The attitude is often, "If the Asian immigrants can do it, then the problems of the blacks are their own faults."

Demographer William Frey of the University of Michigan has found an increasing amount of "black flight" away from the cities with large immigrant populations. As these fleeing blacks move to low-immigrant population cities, they exacerbate problems of African-Americans in those cities. So again blacks in the low-immigrant population cities are impacted.

It is interesting that you mentioned Detroit. In my written report I referred to the Chinese Student Protection Act, a 1992 bill which needlessly gave tens of thousands of students from China blanket political asylum. I also mentioned that at the same time Congress turned down a rider to that bill, which would have given Haitian refugees temporary residence in the U.S. Well, the author of that rider was Rep. Conyers of Detroit! Granted, this had no direct effect on Mr. Conyers' black constituents in Detroit. But it surely must have been demoralizing to him, typifying to him the shift in power away from blacks to Asians and Latinos.

Finally, I would also add that I expect immigrant populations to grow in the cities you mentioned, and in other parts of the country. We might glean some hint of this from the experience of Canada. In the past, Vancouver and Toronto were the two main destinations of Chinese immigrants, but in recent years Calgary and several other cities have been added to the list, and now have their own very sizable Chinese immigrant populations.

3. *You make the point that there has been a rapid shift in political power away from blacks and toward Asian and Latino immigrants. Does illegal immigration contribute to this effect?*

Yes, for several reasons.

Illegal aliens are counted in the Census (though of course some refuse). This in turn affects the drawing of congressional district boundaries, especially now that the law encourages the formation of "Latino districts" and "Asian districts." The formation of such districts comes at African-American expense politically.

Even with informal, non-Census population estimates, Latino or Asian politicians will use the population numbers which are inflated by including the illegals as political leverage in a variety of ways, e.g. in getting (legal) members of their groups into appointed political offices, in getting minority business contracts from city and state governments, and so on.

Asian and Latino politicians derive a significant degree of political power from the presence of large numbers of Asian and Latino children in the schools. This political power is completely indifferent to whether the children are legal or illegal, since illegal-alien children are given the right to education.

Also, there is always the real possibility that an illegal can change to legal status. Any children born to the illegals in the U.S. are U.S. citizens, and this in most cases will be a sufficient basis for the eventual legal immigration of the parents. Also, if an illegal has resided in the U.S. for seven years without major problems, many immigration judges will grant amnesty to the illegal. And of course, the IRCA amnesty in 1986 had a major effect. Thus, the separation between legal and illegal immigrants in many analyses is rather artificial.

4. *Why do Hispanic Americans seem not to support the continued migration of illegal aliens?*

Some people have dismissed these attitudes, calling them selfish, and charging that earlier-arriving immigrants are "pulling up the drawbridge" after they themselves took advantage of it. Antonia Hernandez, president of the Mexican American Legal Defense and Educational Fund, has even

implied that some Latinos are "Anglo wannabe's," people who wish to distance themselves from these "embarrassing," low-socioeconomic class illegals.

I think this is insulting to the Hispanic-Americans who object to illegal immigration. They are hurting. As I noted in my written testimony, even Ms. Hernandez herself says that Latinos are being hurt economically by immigration.

By the way, I periodically update my testimonies to Congress, and have been doing so in this case. I am enclosing my latest update to my April 5 testimony; I have added some material (it is about 25% longer than the original), and clarified some points.

If you have any questions, I would be happy to answer them. My phone numbers are (916) 752-1953 (office) and (510) 935-9514 (home).

Sincerely,



Norman Matloff  
Professor



# The Adverse Impacts of Immigration on Minorities

Testimony to House Judiciary Committee  
Subcommittee on Immigration

Norman Matloff  
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April 5, 1995 (updated May 23, 1995)

## 1 Executive Summary

We are indeed a nation of immigrants. In fact, though a stereotypical American would have British ancestors who came to this continent during the 1700s if not earlier, the fact is that rather few of us fit that description.

The adventurous spirits of those who came to this country in earlier times contributed greatly to America's success. Immigration continues to add vitality to our society today. Yet conditions have changed significantly from those earlier times, and the current high rate of immigration does have its down sides. One very important class of down sides is the adverse impact immigration has on minorities. In particular:

- Immigration adversely impacts native-born African-Americans.
- Immigration adversely impacts both native-born and earlier-arriving immigrant Asian-Americans and Latino-Americans.
- These adverse impacts are due to both legal and illegal immigration.<sup>1</sup>
- Some of these adverse impacts are economic in nature, in the form of

increased job competition, lowered wages and reduced opportunities for entrepreneurs.

- Other adverse impacts are noneconomic, such as reductions in quality of education and housing, and increased exposure to disease.
- Immigration is resulting in diminished attention being paid to the problems of native-born minorities. In some ways, this problem is even more serious than those cited above.
- Poll after poll in recent years has shown that minorities recognize these adverse impacts, and wish for relief, in the form of reduced levels of both legal and illegal immigration.

## 2 Author's Background

Dr. Norman Matloff is a professor of computer science at the University of California at Davis, where he formerly was a professor of statistics. He writes frequently about minority and immigration issues.

Professor Matloff was a former Chair of the Affirmative Action Committee at UC Davis, and has long been active in work supporting minorities, particularly African-Americans and Latino-Americans, in programs such as MEP, MORE and SURPRISE.

\*The views expressed here are those of the author, not the University of California.

<sup>1</sup>Except for when otherwise qualified, the use of the term *immigration* in this report will mean both legal and illegal immigration.

He has been close to immigrant communities all his life. He spent part of his formative years in predominantly-Latino East Los Angeles, and his father was an immigrant from Lithuania.

Professor Matloff is particularly close to the Chinese immigrant community. His wife is an immigrant from Hong Kong, he speaks Chinese, and he and his wife are raising their daughter to be bilingual. His contacts in the community range from working-class people, e.g. via his volunteer work in San Francisco's Chinatown, to professionals, via his friends from the Silicon Valley, where his wife is a software engineer.

Because of his immersion in the Chinese immigrant community, a number of the examples in this report will touch on that community.<sup>2</sup>

### 3 Economic Aspects

On a general societal level, the economic impacts of immigration are exceedingly complex, and virtually impossible to analyze. Furthermore, though some really top-flight economists specialize in immigration issues, macro-level, econometric analyses have their limitations.

As a professional statistician, I wish to emphasize that it is vital to keep in mind that statistical methodology is at best something to be resorted to when one merely has numbers in lieu of insight. Number-crunching alone cannot replace qualitative insights which come from intimate knowledge of immigrant communities. Immigration economists who spend their time in front of computer terminals instead of in immigrant communities are working blindly, merely speculating as to the meanings of their numbers. Indeed, often

they do not even know which numbers are the most relevant to analyze.

In short, it is the author's view that direct, micro-level observation, especially by those who understand minority communities, provides the most reliable gauge of immigration's economic impacts, including impacts on minorities.

Here are some examples of adverse economic impacts on minorities:

- When asked why most Latino Americans wish to see reduced immigration, Antonia Hernandez, president of the Mexican American Legal Defense and Educational Fund (MALDEF), explained that "Migration, legal and undocumented, does have an impact on our economy...[particularly in] competition within the Latino community...There is an issue of wage depression, as in the garment industry, which is predominantly immigrant, of keeping wages down because of the flow of traffic of people."<sup>3</sup>
- Presumably motivated by similar concerns of job competition, United Farm Workers co-founder Dolores Huerta testified to a California Assembly committee that "With 1.5 million legalized immigrants living in California, and only approximately 250,000 agricultural jobs in the state, there is no need for additional farm workers."<sup>4</sup>
- Immigrants are entering the U.S. faster than minority communities can absorb them. Numerous case studies in New York's Chinese-American

<sup>3</sup>Ms. Hernandez made these remarks at the Forum on Immigration, UC Davis, March 11, 1994. After the author included this quotation in his op-ed piece in the *Los Angeles Times* on September 30, 1994, Ms. Hernandez responded with a letter to the editor in that newspaper on October 12, 1994. There she said, "[MALDEF and other civil rights groups] recognize the truism that immigrants tend to compete economically with the most disadvantaged sectors of the population."

<sup>4</sup>Summary Report Prepared for the Assembly Select Committee on Statewide Immigration Impact, California Assembly Office of Research, Sacramento, May, 1994.

<sup>2</sup>The use of the singular term *community* here is really an oversimplification. Chinese immigrants from the three major regions—China, Hong Kong and Taiwan—differ from each other to a substantial degree culturally, and tend not to interact with each other very much.

community by sociologist Hsiang-Shui Chen show how the influx of Chinese newcomers—both legal and illegal—reduces employment opportunity for native and earlier-immigrant Chinese, as well as resulting in reduced market shares for established Chinese entrepreneurs.<sup>5</sup>

Louisiana State University sociologist Min Zhou makes similar comments, such discussing the low wages in New York's Chinatown, caused by "the large pool of surplus immigrant labor."<sup>6</sup>

The same themes show up in the study by Peter Kwong of Hunter College.<sup>7</sup> Here is a very telling excerpt (p.68), on the hardships faced by native-born and earlier-arriving immigrant entrepreneurs, caused by the arrivals of large numbers of later immigrants:

In the 1980s, business in Chinatown reached the point of saturation: too many immigrants, too many new businesses, and exorbitant rents. Suicidal competition developed throughout the community.

Similar dynamics appear to be at work among Korean immigrants in New York. An article in *New York magazine*<sup>8</sup> quotes Sung Soo Kim, president of the Korean-American Small Business Service Center: "We're in the middle of a tragedy. Last year, we had 700 stores open but 900 close. Growth has completely stopped."

- A 1988 study of the Los Angeles hotel industry by the General Accounting Office found that jobs formerly held by African-Americans were now performed mainly by immigrants. Again,

this study was not based on some econometric model. On the contrary, it was a direct report of the hotel owners' actions to break up the largely-black unions, and replacement by immigrant workers. Studies have shown a similar displacement of blacks in the restaurant industry, at airports, and so on.

- Jack Miles of the *Los Angeles Times* has found that even black social workers are being displaced by Latinos. The blacks hope to keep their jobs by learning Spanish, but this may or may not succeed.<sup>9</sup> Ezola Foster, a black Los Angeles school teacher, describes a similar situation for teachers.<sup>10</sup>
- The competition for jobs was illustrated in a rather dramatic manner in an article, "Immigrants Split Over Job Scarcity: Legal Residents in Marin Tell INS [Immigration and Naturalization Service] About Illegals," in the May 17, 1994 edition of the *San Francisco Chronicle*. The lead sentence in the article reports, "A shortage of jobs is provoking cutthroat rivalry among immigrant day laborers in San Rafael's Canal Area, where some [legal immigrants] are getting ahead by turning in their undocumented peers to the INS, authorities say."
- The adverse economic impact on minorities is not restricted to the low end of the wage scale. Asian-Americans, who comprise more than 50% of new graduates of computer science curricula in California universities, are often shunted aside by Silicon Valley employers in favor of foreign nationals. Computer industry employers continue to hire the foreign nationals and sponsor them for immigration or work visas, in spite of a labor surplus which has existed since the late 1980s. Often the employers' motivation is a desire for cheap, compliant

<sup>5</sup> *Chinatown No More*, by Hsiang-Shui Chen, Cornell University Press, 1992.

<sup>6</sup> *Chinatown*, Temple University Press, 1992, p.221.

<sup>7</sup> *The New Chinatown*, Peter Kwong, Noonday Press, 1987.

<sup>8</sup> April 10, 1995.

<sup>9</sup> *Atlantic Monthly*, October 1992.

<sup>10</sup> *ABC Nightline*, March 24, 1995.

labor.<sup>11</sup> One General Dynamics subcontractor has even referred to the foreign employees' status as being "indentured."

Even Stanford Law Professor Bill Ong Hing, a nationally prominent immigrant-rights advocate, has expressed concern over the impact of hiring of foreign professionals on our nation's minorities.<sup>12</sup>

In other words, the frequently-heard adage, "Immigrants take jobs which Americans don't want," simply does not jibe with reality. In those hotel jobs described above, for instance, the African-Americans had wanted those jobs and indeed had been working in them.

As Cornell University economist Vernon Briggs has said, the effort "to raise disadvantaged urban black Americans out of poverty was undermined from the beginning by the flood of cheap foreign labor."

And it is sad that many analysts who defend the current high immigration levels concede but dismiss the adverse economic impacts of later-arriving immigrants on earlier-arriving immigrants. Those earlier-arriving immigrants are now Americans, after all, and any concerns we have that immigration reduces economic opportunities for Americans must include these newer Americans. I find it odd that many who defend immigration do not defend immigrants.

On the other hand, cheap wages do not tell the whole story. Another major factor is networked hiring. News of job openings are spread by tight social networks among immigrants, alleviating the employer of the need to advertise. As a result, says Richard Rothstein, a columnist for the Spanish-language *La Opinion*, "In the garment districts of Los Angeles, New York, or Miami, entire plants are staffed by im-

migrants from the same village in Mexico, El Salvador or China." Significantly, Rothstein adds that "Once such powerful networks are established, policy is impotent to break them."<sup>13</sup>

And again, networked hiring is not limited to the low end of the wage scale. Chinese immigrant engineers in the Silicon Valley are also frequently hired via Chinese social networks. It is common to find that most or all of a division in a company consists of immigrants from Taiwan. Since hiring is often done via word of mouth, those who are not from Taiwan may not even be aware of job openings.

Some employers hire immigrants because they are perceived to be reliable. Peter Skerry<sup>14</sup> notes that Latino workers in Los Angeles tend to use carpools to get to work, whereas a black worker might not show up for work if his car breaks down.

Indeed, questions might be raised along the lines of "Why blame the immigrants? Why can't blacks form networks, use carpools, etc.?" The answer is that although it is true that many poor blacks lack these work skills, the continuing influx of large numbers of immigrants is working to insure that poor blacks never will develop these skills. The availability of immigrant labor is certainly giving employers no incentives to develop skills among poor blacks.

Incentives for government to develop black skills are dwindling too. As I will argue in more detail below, the large influx of immigrants is causing distractions of government attention, leading to African-Americans becoming what I call the Forgotten Minority.

<sup>11</sup> *San Jose Mercury News*, June 3, 1993. See also the author's op-ed piece in the *San Francisco Chronicle*, March 28, 1995.

<sup>12</sup> *Asian Week*, April 29, 1994.

<sup>13</sup> *Dissent*, Fall 1993.

<sup>14</sup> *New Republic*, January 30, 1995.

## 4 Adverse Impacts on Education, Health and Social Services

It is important to keep in mind that the adverse impacts of immigration on minorities are by no means limited to the economic sphere. In this section, we will outline other types of problems.

### 4.1 Education

It is estimated that there are 300,000 illegal immigrant students in California's schools. Yet some schools in the West Contra Costa Unified School District recently closed their doors to enrolling new students.<sup>15</sup> As the district contains many black and Asian-American students, we see again that minorities comprise a major class of victims of immigration problems.

But again, the problem extends to legal immigration as well. For example, last year the San Francisco School District announced that, due to a dearth of bilingual teachers fluent in Cantonese, Russian and Vietnamese, it was resorting to hiring uncredentialed teachers.<sup>16</sup> In other words, the quality of instruction is being reduced because of the influx of immigrant children. Once again, the principal victims are the Asian, black and Latino kids who comprise the bulk of San Francisco's student population.

### 4.2 Child Care

Low-income black single mothers in Pasadena are being given lower priority for child-care services, because immigrant Latino women often have even lower incomes, thus higher priority for child care.<sup>17</sup>

### 4.3 Housing

San Francisco's *Comprehensive Housing Affordability Strategy*<sup>18</sup> illustrates another impact of immigration on minorities. It states that due to the city's "dire financial condition," the city faces an "enormous challenge" in providing housing for the poor (p.97), 61% of whom are minority (p.6). And yet the report also discusses the housing pressures arising from a burgeoning immigrant population (pp.57-58), with its "huge need" for not only ordinary housing services, but especially bilingual housing services. Again, since funding for housing is fixed, if not dwindling,<sup>19</sup> one sees a direct negative impact on African-Americans and other minorities (some of the latter are themselves earlier-arriving immigrants).

In the midst of this worsening fiscal crisis, the city announced that it would spend \$23 million on rebuilding the International Hotel in Chinatown, to provide subsidized housing, largely for elderly immigrants.<sup>20</sup> Many, if not most, of those immigrants have well-off children.<sup>21</sup>

### 4.4 Health Care

Though there is much debate over whether immigration in general is a net fiscal gain or drain (see Appendix), there is no question in the case of illegal immigration; all analysts agree that there is a drain here. This then negatively impacts the quality of health care for minorities.

Some light is shed on the matter by California's Proposition 186, the single-payer health plan on the same ballot as Prop. 187. One of 186's proponents, Dr. Floyd

<sup>15</sup>San Francisco Mayor's Office of Housing, November 5, 1993.

<sup>16</sup>This was also emphasized in an interview by the author with Ted Dienstfrey, Director of the Mayor's Office of Housing, June 29, 1994.

<sup>17</sup>San Francisco Examiner, September 8, 1994.

<sup>18</sup>See articles by the author in the *New Democrat*, November 1994, the *National Review*, February 21, 1994 and the *Sacramento Bee*, December 14, 1994.

<sup>15</sup>San Francisco Examiner, September 8, 1994.

<sup>16</sup>San Francisco Examiner, August 10, 1994.

<sup>17</sup>Atlantic Monthly, October 1992.

Huen, said during the campaign that 186 would have been especially helpful to minority groups, since many minorities lack employer health coverage.<sup>22</sup> It is thus significant that Dr. Huen stated that the measure excluded undocumented people, because "otherwise the cost would be tremendous, and we wouldn't be able to provide benefits for the legal residents."

Both legal and illegal immigration have brought a substantial increase in tuberculosis rates in recent years.<sup>23</sup> This, for example, is why the developers of a new tuberculosis treatment center chose to locate the center in the predominantly-immigrant Mission District in San Francisco.

But that in itself illustrates another way in which minorities are adversely impacted by immigration. Minorities often live in poor, urban areas with high concentrations of immigrants, so the tuberculosis brought by immigrants places minorities at higher risk of contracting the disease.

These points were also brought out in a recent General Accounting Office report.<sup>24</sup> The report states that "legal immigrants accounted for 60 percent of the rise in TB cases from 1986 through 1992. The states with the highest increases in new TB cases were New York, California, Florida, Texas, and New Jersey. These states were also listed as the intended residence of 70 percent of the legal immigrants entering the United States in 1992." It goes on to report that "a Los Angeles TB control official estimated that about half of the legal immigrants who enter Los Angeles County are infected with TB."

Significantly, the report adds that "one

TB official estimated that screening as many as 150,000 legal immigrants a year, and providing preventive therapy to the estimated 50 percent of these immigrants who might need it, would overwhelm the county's health system."

On the question of immigration's impact on minorities, the same report then points out that "Tuberculosis is an increasing public health problem among America's racial and ethnic minorities. In all the cities we visited, TB cases have been rising rapidly among these populations...This growth was most evident among African Americans in Los Angeles, Newark, and Atlanta and among Hispanics in El Paso. The growth in TB cases among African Americans in Los Angeles, Newark, and Atlanta was more than twice the national growth rate." In an accompanying table, one finds, for instance, that Asian TB cases in Newark increased by 300 percent during 1985-1992.

## 5 Diminished Attention Given to Native-Born Minority Problems

The heavy influx of immigrants is resulting in rapid shift of political power away from African-Americans to Asian and Latino immigrants.<sup>25</sup> In government, the press and other institutions, there is a general (though sometimes unconscious) treatment of minorities as forming a kind of hierarchy, with immigrants occupying a higher position than blacks, and within the immigrant category Asians occupying a higher position than Latinos.

What is most disturbing about this trend is that African-Americans, previously central in the thoughts of those who wish to improve conditions for minorities, are simply being forgotten. Just as the Asians have become the Model Minority, blacks are becoming the Forgotten Minority.

<sup>22</sup>Huen, making the remarks on the Chinese-language television program Chinese Journal on Channel 26 in San Francisco, noted that many of those who live or work in Chinatowns do not have coverage. Also, according to the *Sacramento Bee* (November 10, 1994), nearly 40% of Latinos are not covered.

<sup>23</sup>See "Most TB Cases Found Among Immigrants," *San Francisco Chronicle*, August 17, 1994.

<sup>24</sup>*Tuberculosis: Costly and Preventable Cases Continue in Five Cities*, March 16, 1995, GAO/HEHS-95-11.

<sup>25</sup>See Peter Schuck, *Current*, January 1994.

Here is a sampling of this trend:

- A number of blacks are souring on the idea of affirmative action, claiming that many firms are hiring immigrant Asians and Latinos (the "preferred minorities") instead of blacks to fulfill affirmative action requirements.<sup>26</sup>

Currently a ballot initiative is being prepared in California to banish affirmative action. Many of those supporting such an action have been citing Model Minority Asians to buttress their remarks.

- Mabel Teng, a Chinese immigrant who at the time was a member of the San Francisco Community College Board, boasted how the lobbying of the Chinese American Democratic Club had resulted in no layoffs of high-level Asian-American college administrators during the city's fiscal crisis. What she did not say, though, was that several African-American administrators had been laid off.<sup>27</sup>

A number of African-Americans were angered both by the city's seeming discrimination, and also by Teng's insensitive boasting. Apparently the current climate is such that even Teng, previously a staunch Jesse Jackson supporter, can easily forget about African Americans.

- Monterey Park, a Los Angeles suburb, has received an large influx of Chinese immigrants, mainly from Taiwan, since the late 1970s. Longtime Latino residents of the city (most of them native-born) were angered recently when the Spanish-speaking priest at St. Thomas Aquinas Catholic Church was replaced by two Chinese-speaking priests.
- After Chinese- and other Asian-American advocacy groups claimed

that affirmative action admissions programs for blacks and Latinos at the University of California at Berkeley made it more difficult for Asian-American applicants to be admitted, a Chinese-American, C.L. Tien, was appointed as chancellor of the campus. While Tien is well-liked and is doing well as chancellor, his appointment was taken by all parties concerned to be motivated primarily to mollify the Asian critics of the university. Apparently for good measure, second Chinese-American chancellor was subsequently appointed at UC Santa Barbara. Yet there has never been an African-American chancellor at any UC campus, and there has been only one Latino.

- Current congressional and Clinton administration proposals to place restrictions on immigrant eligibility for welfare are motivated in part by the fact that many well-off/professional immigrants are sponsoring their elderly parents to immigrate and then placing the parents on welfare, reneging on promises to financially support the parents.<sup>28</sup> Asian and other immigrant advocacy groups have lobbied heavily against closing the loopholes which allow this. Yet even the most draconian of the current proposals would still give the immigrants full freedom to put their parents on welfare as soon as the latter become naturalized citizens.

In other words, these welfare bills will rush a functionally illiterate African-American single parent off welfare while still allowing a Chinese immigrant couple, both computer engineers with a combined income well over \$100,000, to put their parents on welfare, in spite of the couple's promise to support the parents. This inequity is not deliberate, but it ar-

<sup>26</sup> *Cleveland Plain Dealer*, December 19, 1993.

<sup>27</sup> *Asian Week*, October 14, 1994.

<sup>28</sup> See articles by the author in the *New Democrat*, November 1994, the *National Review*, February 21, 1994 and the *Sacramento Bee*, December 14, 1994.

guably does exemplify the rise in power of the Asian immigrant advocacy groups, and the dwindling influence of black advocates.

- Another potential case which is similar to the last one, but features a more direct illustration of the prioritizing we are discussing here, arose recently in Alameda County in the San Francisco Bay Area. A majority on the county board of supervisors originally supported a proposal to deny welfare to immigrants with well-off sponsors (*San Francisco Chronicle*, September 14, 1994), but then reversed itself and dropped the proposal (*San Francisco Chronicle*, October 26, 1994). Yet it then took up consideration of a proposal to cut funding for senior community centers serving the poor, mainly black and Latino.<sup>29</sup>
- During the 1994 election campaign, nightly television news reports of California's Proposition 187 on illegal immigration repeatedly showed dramatic pictures of Mexicans climbing over border fences. Yet there was not even one picture, to my knowledge, of the many Chinese coming in illegally on boats in 1993, scenes which were certainly on file in TV newsrooms and which would have been equally dramatic.<sup>30</sup> Again, this omission was not deliberate, but the point is that the general image of Chinese immigrants is so positive, and the image of Latino immigrants so much less positive, that the news producers simply never thought of Chinese as illegal immigrants.
- Peter Skerry reports that positions as aides to a city councilman representing traditionally-black South Central Los Angeles which had previ-

ously gone to blacks are now filled by Latinos.<sup>31</sup>

- In 1992 Congress passed the Chinese Student Protection Act, which in effect gave mass political asylum to all students from China studying in the U.S. during the 1989 demonstrations in Beijing. This "protection" was unnecessary, as pointed out by Sidney Jones, executive director of Asian Watch/Human Rights Watch; only a small percentage of students needed asylum, and those few could have used regular political asylum channels, without the Act.<sup>32</sup> The Act, ostensibly written to protect those who faced arrest if they were to return to China, contradicted itself by including in its coverage those who *had* returned to China (and had then come back to the U.S.).

Yet at the same time, Congress turned down a rider to the bill, which would have extended temporary residence to Haitian refugees. In other words, 80,000 Chinese were offered permanent residence, while 11,000 black Haitians could not even get temporary residence.

- The 1990 Immigration Act instituted, and Congress and the President renewed in 1995, the "McDonald's" program, which allowed foreign students in American colleges to work off campus, typically in low-skilled jobs such as fast-food preparation. This clearly leads to at least some degree of job displacement of low-income minority youth. In other words, foreign students, typically Asian and frequently using their American studies as steppingstones to immigration, are being allowed to compete for jobs with our nation's black and Latino poor.

<sup>29</sup> *Oakland Tribune*, November 1, 1994.

<sup>30</sup> Ironically, it was those dramatic pictures which brought national attention to the problems of illegal immigration, and which helped to galvanize the movement which led to Prop. 187.

<sup>31</sup> *Mexican-Americans: the Ambivalent Minority*, Peter Skerry, Free Press, 1993, p.82.

<sup>32</sup> *US News and World Report*, September 20, 1993. *San Jose Mercury News*, June 3, 1993. "The Coupling of Green Cards and MFN for China," Norman Matloff, *San Francisco Examiner*, May 20, 1994.



- Asian and Latino political organizations are becoming increasingly focused on immigrant issues, with less attention given to issues which traditionally have been the concerns of native Asian and Latino Americans. For example, the recent *Clinton Report Card* published by the Organization of Chinese Americans is dominated by immigrant issues. When asked what his organization is concerned with, Henry Der, executive director of Chinese for Affirmative Action, answered "First and foremost, immigration"; only later did he cite issues of interest to native-born Chinese-Americans, such as job discrimination.<sup>33</sup>

- The hierarchy being described here, with Asians higher on the totem pole than Latinos, and immigrants higher than native blacks, is sometimes even promoted by ethnic civil rights activists. The August 1993 newsletter of the Oakland chapter of the Organization of Chinese Americans (OCA) featured a disturbing editorial in this regard. The editor, Peter Eng, writes that

"...[A]s an ethnic community group, Chinese Americans will have to separate and distance ourselves from other ethnic immigrant groups...Chinese Americans have distinguished themselves in business, science, government, etc...[whether] we were illegal or legal immigrants had no perceptive effect...we have more than paid our fair share in taxes to fund the cost of the little public assistance given for our people<sup>34</sup>...perhaps we should advocate a voucher system, where the taxes designated for public assistance paid by Chinese Americans should be placed in a special fund

to be dispensed to our people as desired..."

Eng then goes on to say that while restrictions on illegal immigrants from Mexico would be fine with him, he is opposed to broadbrush legislation which includes "all immigrants, favorable or unfavorable to this country. It has been my contention all along that this country has benefited economically, politically and socially by allowing Chinese immigrants to migrate to this country, whether legal or illegal."

As OCA is a civil rights organization, such comments are particularly troubling, especially coming from a chapter in such a minority-rich region as the San Francisco Bay Area.

Even Henry Der of Chinese for Affirmative Action, who usually strongly supports blacks and Latinos, made similar comments in the author's interview with him: "We could even take more Chinese immigrants if that was permitted. But that is not going to happen, because Chinese immigrants are broadstroked with [all other immigrant groups]."

- Bilingual education has become a political icon among Asian and Latino political activists. Yet their work in this direction—and the positive response given to them by government agencies regarding it—angers many urban black parents, who believe that their children's education is being diluted by the forced bilingual environment their children are subjected to.<sup>35</sup> The black parents' protests appear to be futile.
- Some Latinos feel that statements to the effect that illegal immigration must be stopped but legal immigration has no problems are some-

<sup>33</sup>Interview with the author, March 23, 1994.

<sup>34</sup>Contrary to Eng's claim, the percentage of elderly Chinese immigrants on welfare is the highest of all major nonrefugee immigrant groups. Of elderly Chinese immigrants who came to California during 1980-1987, 55% were on welfare in 1990.

<sup>35</sup>See, for example, *U.S. News & World Report*, November 7, 1994, and *ABC Nightline*, March 24, 1995. It should be noted that many Asian and Latino immigrant parents do not want bilingual education for their children either.

times actually (not so thinly) veiled expressions of the notion that Asian immigrants are welcome while Latinos are unwelcome. The same comment applies to some of those who say our immigration policy should be "more skills-based," which again is perceived as a euphemism for "less Latino-laden."

I have observed increasing evidence that such perceptions by Latinos are accurate.

Whether or not the parties involved here have good intentions, the bottom line is that high levels of immigration have resulted in a hierarchy in treatment of minorities by government and the media, with the following features:

- blacks losing influence to immigrant Latinos and Asians
- native Latinos and Asians losing influence to immigrant Latinos and Asians
- Latinos losing influence to Asians

African-Americans at the present time still do have a substantial degree of political influence, based on gains made during the 60s and 70s. The current trend, though, is that they are beginning to lose those gains to immigrant groups.

Clearly, all of this is an extremely unhealthy situation. The current rate of influx of immigrants is much higher than our fragile race-relations situation can tolerate.

## 6 A Wish for Relief

Poll after poll in recent years has shown that minorities recognize these adverse impacts, and wish for relief, in the form of reduced levels of both legal and illegal immigration. The Latino National Political Survey in 1992, for example, found that

up to 84% of Mexican-Americans agreed with the statement that "There are too many immigrants."<sup>36</sup>

This emerged too in California's Proposition 187. Make no mistake about it: Even though Prop. 187 focused on illegal immigration, it was to many voters a referendum on legal immigration as well. Political pundits, who were portraying Prop. 187 as pitting whites versus nonwhites, were shocked by the strong support among minority groups for the measure. Exit polls taken by the Associated Press showed strong majorities of African Americans (56 percent) and Asian Americans (57 percent) for the measure, percentages approximately equal to the vote for 187 in the general population (59 percent).<sup>37</sup> Also, 54% of all immigrants voted Yes, again close to the overall state proportion.<sup>38</sup> In pre-election polls two months earlier, more than half of Latinos supported the proposition, and in spite of extremely heavy campaigning by the Spanish-language media and Latino community workers, about a third of Latinos still ended up voting for the measure.<sup>39</sup>

## 7 Remedies

It should be emphasized again that most of the problems described here arise from both legal and illegal immigration. We will outline some possible remedies on both of these fronts.

<sup>36</sup> *Hispanic* magazine, April 1994.

<sup>37</sup> *Sacramento Bee*, November 13, 1994. The figures in the *Los Angeles Times* poll were somewhat lower, but the two polls were within the margins of error of each other, when the smaller sample sizes of the racial subgroups are accounted for.

<sup>38</sup> *Los Angeles Times*, November 10, 1994.

<sup>39</sup> The pundits were confounded by other seeming anomalies as well. Fifty-six percent of those in Los Angeles County, for instance, voted for 187, a proportion close to the statewide figure. Yet Art Torres, a Latino candidate for state insurance commissioner, won in Los Angeles County (51 percent) but lost statewide (43 percent). If voters in the county were anti-Latino, as the pundits presumed from the voters' support of 187, why did those voters choose a Latino for insurance commissioner?

## 7.1 Legal Immigration

Current national policy on legal immigration has three central tenets: to reunify families; to alleviate labor shortages; to provide political safe haven. All three of these goals are widely flouted. For example:

- Most of those who come to the U.S. under the auspices of family reunification do so non-family reasons, usually economic.<sup>40</sup>
- As noted earlier, the computer and electronics industries continue to sponsor foreign engineers for immigration, in spite of a labor surplus.<sup>41</sup> Softpac of Austin, Texas estimates that the software industry needed approximately 40,000 new workers in 1994. This is less than the 51,000 new computer science graduates our universities produced. Yet the number of foreign computer programmers granted work visas in 1994 exceeded 30,000. Softpac also found that between 1990 and 1993, U.S. colleges and universities awarded two bachelors degrees in engineering for every engineering job opening created through net replacement.
- In 1992 Congress passed the Chinese Student Protection Act, giving mass political asylum to tens of thousand of students from China who were in the U.S. during the 1989 protests in Beijing. As noted earlier, the vast majority of the students did not need this protection, and those who did need it could have applied for asylum individually.<sup>42</sup>

For these reasons, the line between legal and illegal immigration is finer than many

people realize. If for example Mr. X immigrates ostensibly because he longs to rejoin his son who immigrated earlier to the U.S., but Mr. X then settles in a city 1,500 miles away from the son, we must question just exactly what we mean when we say that Mr. X immigrated "legally." Mr. X may be following the letter of the law, but he certainly is violating its spirit.

The same comment applies to those immigrants who sponsor their elderly parents to come to the U.S. but then renege on their promises to keep their parents off welfare. This too is violating at least the spirit of the law, if not the letter.<sup>43</sup>

The oft-heard comment that "unlike illegals, legal immigrants play by the rules" is not necessarily accurate.

This is not to say that no legal immigrants ever are motivated to immigrate primarily because they miss their family members, or that no employer-sponsored immigration is ever warranted, or that no applicant for political asylum genuinely needs protection. But the fact is that our immigration policy is very often working counter to its noble goals. Clearly, a thorough overhaul is in order.

In order to reduce the adverse impact of immigration on minorities, both native-born and earlier immigrants, the author recommends:

- (a) The yearly quotas for legal immigration should be reduced to levels which will not exacerbate current economic and social problems.
- (b) The central tenets underlying immigration policy should be re-examined and revised.

<sup>40</sup> *Making and Remaking Asian America Through Immigration, 1850-1990*, by Bill Ong Hing, Stanford University Press, 1993, pp.106-107, and also Min Zhou in *Chinatown*, Temple University Press, 1992, pp.50-54.

<sup>41</sup> See earlier citations.

<sup>42</sup> See earlier citations.

<sup>43</sup> In fact, it is common for both these violations to occur in tandem. For example, the author interviewed about a dozen elderly Chinese immigrants living in a HUD-subsidized building in Sacramento. All were on welfare, all came to the U.S. under the auspices of family reunification, and yet almost all lived far from their children's homes in locations such as Los Angeles (400 miles from Sacramento), Texas, Florida and New York.

- (c) We should "end bilingual education as we know it."
- (d) Immigration policy should require, as a condition for being granted immigrant status, that persons over age 12 have a conversational knowledge of English.
- (e) As a condition for being granted immigrant status, each adult should be required to learn about American sensibilities regarding respect between races and between genders.

The rationale for recommendations (a), (b) and (c) should be clear from points made earlier in this report.

Recommendation (d) is perhaps more startling. However, it is both reasonable and feasible. It would help reduce the job-competition problems imposed by later-arriving immigrants on earlier-arriving ones, by broadening employment opportunities beyond the immigrant enclave economies. It would aid in the implementation of recommendation (c). It would reduce some fiscal problems (recall, for instance, the cash-strapped San Francisco city government's noting that there is a "huge need" for bilingual housing services). And, perhaps most importantly, it would help reverse some current trends away from assimilation.

A number of workable approaches could be used to implement (d). Probably the best of these would actually not be a strict requirement, but rather a functional equivalent, in the form of bestowing a very large priority within the immigration queue to those with the desired basic English skills.

It is important to note that I am not proposing any elitist changes in immigration policy. For example, I am opposed to giving "extra points" to those with college educations; this would be contrary to the American spirit, and would ignore the fact that many talented people simply do not

have access to higher education in third-world countries.

Indeed, I would submit that recommendation (d) would not result in any large changes in the mix of immigrants we currently accept. Most immigrants do come to the U.S. for a better economic life. Learning a minimal level of English would be a small price to pay for that privilege, and I submit that the immigrants would readily agree to such a condition. It should also be noted that most immigrants must undergo a period of up to ten years of waiting before receiving their immigrant visas; thus they would have more than adequate advance opportunity to develop English skills.<sup>44</sup>

Recommendation (e) is just as important as the others. Most immigrants come from monoracial societies which do not have traditions of racial tolerance and mutual respect. In addition, many immigrants come from societies in which there are severe problems regarding the status of women.

Again, there are no villains here; people are, after all, products of the societies in which they live. When discussing negative attitudes harbored by many Chinese immigrants toward African-Americans, Henry Der of Chinese for Affirmative Action<sup>45</sup> pointed out that immigrants "are not educated in the American context," in which mutual respect among races is at least a goal, if not a reality.

But the damage that results from this problem is real. For example, the role black perceptions of Korean immigrant

<sup>44</sup>I have been asked how would-be immigrants in poor third-world countries would learn English. My answer is that given the huge economic opportunity immigration represents to them, we would find that they are quite resourceful in learning English to meet the requirement for immigration. The would-be immigrants' U.S. relatives can send them books and tapes to learn English, for example. Even the governments of the would-be immigrants would have incentive to provide English instruction, say on the radio, because these governments depend so heavily on financial remittances from their nationals in the U.S. (e.g. China and Mexico).

<sup>45</sup>Interview with the author, March 23, 1994.

racism toward blacks played in the 1992 Los Angeles riots is described in *The New Asian Immigration in Los Angeles and Global Restructuring*, ed. by Paul Ong et al, Temple University Press, 1994.

Thus part of the formal immigration process should include learning about the American goal of racial tolerance, both in its abstract form and also in its legal forms. For example, many immigrants later become landlords, and it is important that they know that they may suffer legal penalties if they discriminate against tenants of other races.

Implementation of (e) could take on a variety of forms, possibly in combination. For example, a short presentation could be given at the INS office (or U.S. consulate abroad) when the applicant's immigration is approved. Later reinforcement could be applied in the form of public-service commercials on ethnic television stations in major U.S. cities.

The author has received positive reactions to recommendation (e) (or variations of it) from several immigrant advocates with whom the author has discussed it.<sup>46</sup>

## 7.2 Illegal Immigration

Rather than make recommendations, the discussion here will be restricted to comments on the feasibility of recent proposals to reduce the level of illegal immigration:

- Increased border patrols. These have obvious value, but cannot be a full solution to the problem, as immigrant advocacy groups themselves have conceded.<sup>47</sup> Both Attorney General Janet Reno and INS Commissioner Doris Meissner strongly assert

this as well.<sup>48</sup> Sylvester Reyes, chief of the El Paso sector of the Border Patrol, has said, "We're never going to seal off this border, not 100%, not ever," said Silvestre Reyes. "It's unrealistic to think we can."<sup>49</sup>

Immigrant advocates also concede that at least 30% of the illegal aliens originally cross the border legally, say on tourist visas, and then live here illegally after the visas lapse.<sup>50</sup>

- Enforce minimum-wage and other labor laws. This is obviously desirable. However, it must be kept in mind that most illegals, at least Latino ones, make more than minimum wage.<sup>51</sup>
- Deny education and public services to illegals. This of course, is what made California's Proposition 187 so controversial. From a pure feasibility point of view, though, many specialists on Mexico indicate that it could be effective. The *Los Angeles Times* of November 10, 1994 quoted Mexico's Undersecretary of Regional Development Enrique del Val as saying, "If those services [education and health care] are denied them there, they will come back." The December 7, 1994 issue of the *San Francisco Bay Guardian* featured an article by Mexican analyst John Ross, author of *Rebellion from the Roots: Indian Uprising in Chiapas*, who says that validation of 187 by the courts would result in "igniting the return of [possibly] as many as a million [Mexican] citizens from California." In discussions between the au-

<sup>46</sup> *San Francisco Chronicle*, October 29, 1994.

<sup>49</sup> *Los Angeles Times*, July 3, 1994.

<sup>50</sup> As pointed out by Yeh Ling-Ling of the Carrying Capacity Network, a computerized system is needed to track those who enter with temporary visas.

<sup>51</sup> David Heer, *Undocumented Mexicans in the United States*, Cambridge University Press, 1990, pp.204-205, notes that most undocumented men make more than minimum wage, and notes elsewhere (p.145) that most of the undocumented women are not in the workforce. Similar comments were also made by *La Opinion* columnist Richard Rothstein in *Dissent*, Fall 1993, and in a personal communication to the author.

<sup>46</sup> E.g. immigration attorney Mark Silverman of the Immigrant Legal Resource Center in San Francisco, Professor Bill Flores of the California State University at Fresno, and Rosemarie Fan of the Oakland Chinese Community Council.

<sup>47</sup> *Sacramento Bee*, December 17, 1993.

thor and participants at the Western Farmworker Advocates Conference in November, 1994 (and in a number of other similar forums on immigration), there was apparent agreement with the notion that, at least, undocumented Mexican men would not bring their wives and children with them to the U.S. if services were not available, though the men themselves might still come here.<sup>52</sup>

Presumably intermediate plans, under which some services would be denied, but not as many denied as under Prop. 187, would produce intermediate results.

Note, though, that while denial of services would definitely solve some of the fiscal problems caused by illegal immigration, it may not solve some of the problems of job competition.

Note also that, again viewed purely from the standpoint of effectiveness in reducing the illegal alien population, the provisions of Prop. 187 which require state agencies to report to the INS applicants for services who cannot prove legal status are virtually useless. Knowing that they would be denied service, the illegals would not apply for service, and thus there would be no one to report. There was thus no need to include such a provision in the measure.

- Set up a tamperproof work identification card, backed up by a computer database, as proposed by the Commission on Immigration Reform. This would be helpful, but one must realistically presume that unscrupulous employers, often of the same ethnicity as their illegal workers and knowing how to intimidate them, will continue to ignore such requirements.

<sup>52</sup>In particular, denial of educational services would not result in the development of a population of illiterate undocumented children in the U.S., as has been claimed by some.

## A Impact of Immigration on the Economy

### A.1 Barriers to Insight

The basic question of immigration's impact on "the" economy is flawed to begin with. Instead of viewing the economy as a monolith, one should recognize that immigration's impact produces both winners and losers. For instance, an increase in the labor supply helps the owner of a Chinatown sewing factory by reducing wages, but hurts Chinese-American workers for exactly the same reason. Or, as pointed out earlier, immigration to San Francisco is a boon to bilingual people who wish to become teachers, but results in a degraded quality of education to the children.

Furthermore, as the father of modern economics, John Maynard Keynes, once joked, "You could lay all the economists of the world end-to-end, and they would never reach a conclusion." This is doubly true for economic analyses of immigration, for two main reasons.

First, an economist's analysis is often colored by his/her political views, and this is exacerbated in the case of emotional topics involving race, such as immigration.

Second, and even more important, as discussed earlier, most analysts, though they may be fine statisticians, do not live in immigrant communities, and thus do not know how to interpret the statistics they gather—or even which statistics to gather. This results in misinterpretations and faulty conclusions.

Thus one should be very careful when evaluating any economic analysis of immigration, both pro or con.

### A.2 Job Creation by Immigrants

Immigrant advocates claim that immigrants (legal and illegal), through entrepreneurship and consumerism, are cre-

ating many jobs for native-borns. This is a serious oversimplification.

Immigrant entrepreneurs tend to operate within immigrant communities, and thus they tend to hire other immigrants, not native-borns. Similarly, immigrant consumers tend to patronize immigrant-owned businesses.

Consider a hypothetical Mrs. Chan, an immigrant from Hong Kong living in Milpitas in the South San Francisco Bay. On a typical day, she might go to a local Chinese shopping mall. There she might patronize a Chinese grocery, have a nice noodle lunch at a Chinese restaurant, stop by the Chinese bookstore and finally rent a Chinese movie from a video shop there.

All of the employers and employees she encounters there at the Chinese mall will be Chinese. And the mall itself is likely to have been financed by a Chinese bank, and built by a Chinese construction company. The businesses in the mall are likely to have bought their capital equipment, such as stoves, telephones, computers, and so on, from other Chinese businesses as well.

Similar statements hold for businesses not owned by immigrants. The jobs created by immigrants in those businesses are again likely to be held by other immigrants of the same ethnicity. For example, our hypothetical Mrs. Chan, upon returning home, may be called by a Chinese phone canvasser from MCI, soliciting her long-distance patronage. If Mrs. Chan then decides to make MCI her long-distance carrier, she will then be talking to Chinese operators when she needs operator assistance. MCI will make sure to hire Chinese immigrants for these positions, both because Mrs. Chan may not speak English and also because MCI believes, correctly, that Mrs. Chan will feel more comfortable with them, not just linguistically but also culturally; she will feel more at ease with a fellow immigrant.

For the same reason, Mrs. Chan bought her home through a Chinese real estate

agent, as is the case with most Chinese immigrants in the South Bay. In fact, had she chosen to do so, Mrs. Chan could have bought her house in a tract built by Chinese developer Jerry Chen near the Chinese mall, where one can find streets named Peking Drive, Shanghai Circle, Hong Kong Drive and Taipei Drive. And like many Honda buyers from Hong Kong, Mrs. Chan bought her Accord at Chinese-owned Grace Honda.

Thus a substantial proportion of jobs created by immigrants are held by other immigrants, not native-borns. To be sure, this does not mean "all" such jobs. Our Mrs. Chan, for instance may well visit Macy's after she leaves the Chinese mall, thus providing some jobs for natives (as well as for other immigrants). And her American-born children are patronizing McDonald's, Blockbuster Video and so on.

But the point is that though some jobs for native-borns are created as a result of immigration, native-borns at the same time have been found to be displaced from jobs. The net effect, positive or negative, is unknown—and indeed is unknowable, given the extreme complexity of the situation.

One might argue for a negative impact of immigrants on jobs in the following way. Immigrants have the same level of workforce participation as natives, but lower per-capita incomes.<sup>53</sup> The lower incomes of the immigrants should lead to a lower level of consumerism, thus a lower level of job creation, relative to natives. In other words, immigrants are creating fewer jobs than would the same number of natives, yet they are taking as many jobs as natives would—suggesting a net per-capita job loss. Again, such a simple analysis cannot be taken as definitive, but it does provide an explanation as to the factors behind an immigration-triggered job loss, if indeed there is one.

<sup>53</sup>See for example "Immigrants in California: Finding from the 1990 Census," Hans Johnson, California Research Bureau, 1993.

### A.3 Immigrant Entrepreneurship

Proponents of the current high levels of immigration often praise the entrepreneurial activities of immigrants. Indeed, many immigrants do run successful businesses. However, the mere existence of a business is not necessarily an economic plus, for a variety of reasons.

First of all, many immigrants are willing to continue to run a business which has low profits or is even losing money. The immigrant may have started the business in order to secure an investment visa, for example. Or he/she may simply be hoping that the real estate value of the property will appreciate.

Second, Timothy Fong, in *The First Suburban Chinatown* (Temple University Press, 1994), found that in many cases a large nonimmigrant business which is providing substantial tax revenues will be replaced by several smaller immigrant businesses with collectively smaller tax revenues. (An Urban Institute study also found that immigrants have 38% lower tax compliance rates than natives.)

### A.4 Effect on Consumers

One might argue that the lowering of wages resulting from immigration is at least a boon for consumers. Yet as pointed out by Rice University economist Donald Huddle, the consumers are in effect paying high prices for those goods via taxes, due to the higher rate of government services used by immigrants (see below). Thus the boon is to the employers, not consumers. Huddle notes, "If you add in the social costs, those jobs would have a very high wage. It's basically a free ride for the employer, with the taxpayer picking up the difference."<sup>54</sup>

For example, studies show that the average undocumented couple has an income

of around \$10,000 per year.<sup>55</sup> They will pay little or no income tax in this bracket, and perhaps a few hundred dollars in sales and other miscellaneous taxes. Yet each of their children will use at least \$4,500 in state and other tax monies per year for schooling (over \$8,000 if the child has limited proficiency in English). In order to survive on this low income, they will also be forced to draw Medi-Cal (California's Medicaid), AFDC and so on. And this is not even counting the Earned Income Tax Credit for which the family is eligible.

Now suppose this family's \$10,000 income comes from a \$5/hour job for the husband. The family is receiving services on the order of double its income, so the real wage being paid to the husband (from the point of view of the consumer who buys the goods he produces) is more like \$15/hour. Thus his "low" wages are in reality not low at all, and the claimed boon to the consumers of the goods he produces does not exist.

### A.5 Use of Welfare Services

Immigrant advocates state that "Immigrants come here for jobs, not welfare. Also, they pay more in taxes than they receive in services." This is misleading in multiple senses.

First, it must be noted that in general, statistics about immigrant use of welfare tend to be (intentionally or unintentionally) distorted, in many ways.

For example, the immigrant advocates often state that illegal immigrants are ineligible for most welfare services. What they omit is the fact that the illegals receive welfare via their U.S.-born children, who are U.S. citizens and thus eligible for all services.<sup>56</sup> This produces a serious distortion in statistical comparisons of immigrants (both legal and illegal) with native-

<sup>54</sup> Fresno Bee, November 6, 1994.

<sup>55</sup> See the David Heer reference, p.155.

<sup>56</sup> Some illegals also get welfare via the use of fraudulent residence documents.



borns, since welfare usage by those "citizen children" gets counted on the native side of the accounting ledger, as opposed to the immigrant side, where it should be.

Another common source of distortion arises from restricting statistics to immigrants of working age. This ignores the fact that welfare usage by elderly legal immigrants skyrocketed by 400% in ten years.<sup>57</sup>

For these reasons, it is more realistic to use a household basis for analysis. The 1990 Census data show that about 12% of immigrant-headed households in California contain at least one person on welfare, versus about 8% of the native-headed households.<sup>58</sup>

Moreover, there is a larger issue: Claims based on narrowly defining "services" to include only welfare ignore the fact that our taxes go to many things besides welfare, such as schools, roads, hospitals and so on, and this must be taken into account. In other words, to gauge the fiscal impact of immigrants, it is misleading to simply compare taxes paid to welfare used.

However, for illegal immigrant families, even this overly simplistic comparison shows a fiscal loss. As we saw above, the typical illegal-immigrant family has an income of about \$10,000 and pays virtually nothing in taxes, while receiving public services totally several times their income.

Undocumented people come to the U.S. mainly for economic reasons. This of course includes jobs, but it also includes welfare. As mentioned earlier, some immigrant advocates and ethnic community leaders now admit that welfare is a magnet which attracts many elderly legal immigrants to the U.S.<sup>59</sup> It would be reason-

able to assume from this that a number of illegal immigrants also find welfare attractive. In any case, as seen above, incomes of illegal families are so low that they are forced to turn to welfare to make ends meet, even if that was not their original intent.

<sup>57</sup> *Washington Post*, December 19, 1993.

<sup>58</sup> See again "Immigrants in California: Finding from the 1990 Census," Hans Johnson, California Research Bureau, 1993. Here "immigrant" refers to both legal and illegal immigrants; the Census data do not distinguish between the two kinds.

<sup>59</sup> See for example: Yvonne Lee of the Coalition of Asian Pacific Americans, Cantonese Evening News, KTSF,

Channel 26, San Francisco, June 15, 1994; the *Clinton Report Card*, compiled by the Organization of Chinese Americans (July 1994); Dr. Lester Lee, former member, University of California Board of Regents, *Asian Week*, December 16, 1994.

# Facsimile

date Friday, June 02, 1995

time 10:54:01 AM

number of pages 5

to Representative Lamar Smith

company Chairman, Subcommittee on Immigration

voice number

from Donald Huddle, Ph.D.

company Donald Huddle Consultants

voice number 713-520-8428

fax number 713-520-8428

note Dear Mr Smith:

Sorry I was unable to get this to you yesterday.

I was unable to get through on the fax number I had. I was able to get your new fax this morning.

I hope my comments will be helpful and that I will be able to assist you in the near future with the costs of legal immigration at your upcoming hearings.

RICE UNIVERSITY  
DEPARTMENT OF ECONOMICS

June 1, 1995

Mr Lamar Smith  
Chairman  
Subcommittee on Immigration and Claims  
Congress of the United States

Dear Chairman Smith:

My response to your questions regarding illegal immigration costs in your letter of May 9, 1995 is as follows:

**Question 1: The enactment of legislation such as Proposition 187 will not eliminate the negative net cost of illegal immigrants.**

Both my own and other studies support the position that Proposition 187 would, if fully enacted, reduce some costs of immigration, but that substantial costs will remain. Moreover, these costs will continue to escalate fairly rapidly over time.

My own studies and surveys and that of the majority of immigration researchers shows clearly that jobs are the number one magnet for illegal immigrants. Better quality of life for themselves and their children and public services are a distant second in terms of motivation for immigration. Public services are clearly more important in motivating immigration for legal immigrants than for illegal immigrants.

Two major costs of immigration are related to wages and jobs:

First, national wage depression results in a loss of about \$106 billion in wages of the native born (Dr George Borjas, 1995). This wage loss is offset by gains to employers of \$120 billion. The net result is a further worsening of the U.S. income distribution already at its most unequal since income distribution was first measured.

Second, as shown by my own field studies and surveys labor displacement is very costly to the unskilled and less educated Americans who compete head on head with illegal immigrants. My 1995 study estimates that by 1994 between 4 and 5.4 million illegal aliens were residing in the U.S. INS data indicate that 86% of the undocumented are low-skilled and that 77% are working. Thus, 2.65 to 3.58 million illegals are working in low-skill jobs. Given that the U.S. unemployment rate was lower than on average during the 1994 year, we estimate a displacement rate of 25%. Thus, between 663,000 and 894,000 U.S. low-skill workers were displaced in 1994 resulting in a tax payer paid public service cost for Americans displaced by illegals after adjustment by average utilization rates of \$3.6 to \$4.6 billion per year. The loss to the American displaced worker is, however, many times this cost taking into account not only lost wages, but also employer paid fringe benefits.

Should the job magnet not be turned off, substantial other costs will continue to be experienced in the U.S. These would include emergency medical care ( \$541 million); criminal justice and incarceration ( \$350 million); and numerous county and city services ( \$7.8 billion).

Other costs not included up to this point include the costs to the environment, which accompany population growth. These include costs of compliance with the clean air and water acts, preservation of wetlands, and toxic waste disposal. One cost which was calculated but not included in the Carrying Capacity Network study was the uncompensated environmental and resource costs of operating motor vehicles. These costs, estimated at \$.30 per mile by the Todd Littman study of 1993, were projected to total between \$2.8 to \$3.8 billion as of 1994 depending upon the range of illegals residing in the U.S.

Additional costs not addressed in the current study would add billions more to the above totals. The major costs not quantifiable at the current time are the costs of public assistance obtained by illegible illegal immigrants through fraud; the costs of screening, admitting and administering illegals in federal departments of Justice, Health and Human Services, Labor and State; the value of income tax and FICA taxes foregone due to the unemployment of U.S. workers displaced by illegal alien workers and due to depressed wages, or the costs of retraining and relocation aid to them; finally, costs we also omitted from our calculation such as national defense, national parks, interest on the national debt, and subsidies to government enterprises serving them.

In short, even if, certainly a big assumption, a National Proposition 187 were passed and implemented fully, many billions of public service, environmental, and private cost would remain and escalate as illegal aliens are attracted to the U.S. Even worse, perhaps, national income distribution will continue to worsen for those very groups which can least afford it.

**Question 2: Between 1982 and 1990 I conducted 4 field studies which surveyed over 5,900 unemployed American low-skill workers. Each of these studies show how pernicious the displacement impacts of illegal aliens are for these workers**

The first study in 1982 was of Project Jobs under which the INS deported 5,440 working aliens from 560 work sites in 9 U.S. cities back to Mexico. INS data showed that 7 American workers applied for each job vacated by an illegal alien. Approximately 80% of the job openings were filled with local citizens or legal workers. More jobs would have been filled by citizen/legal workers, but a substantial minority of employers held jobs open for illegal aliens many of whom had returned to their jobs from Mexico within a month after deportation. Others laid off newly hired American workers and rehired illegal aliens. This study showed clearly that many employers prefer to hire illegal aliens rather than citizen/legal resident workers primarily because the former will work for less pay, under more dangerous conditions, and do not require overtime pay, fringe benefits, nor social security payments. In our follow up study, we found that after several months, despite the preference of employers, more than 40% of the 80% of the citizen/legal workers were still employed implying a displacement rate of at least 40%. If Mexican illegals could have been prevented from returning after deportation, the displacement rate would have been much higher, closer to 80%.

The 2nd, 3rd, and 4th studies were all undertaken in the Houston Metro Area where 463 unemployed natives were surveyed in 1982-83, 1985 and 1989-90. Between 85% and 100% of the unemployed said they would take jobs like those in skill and pay currently held by illegal aliens. Of this number, 63% to 90% actually applied for such job openings in the job bank we created from newspaper job advertisements, the Texas Employment Commission and commercial employment agencies. After deducting the number of applicants who were actually hired by employers with our assistance those still attempting to find jobs ranged between 23.1% and 53.1%. Thus, the gross displacement rate ranged between 63% and 90% while the net displacement rate ranged between 23% and 53%. Those who failed the job search requirements in our study ranged from 9.4% to 22.4%, a surprisingly low number.

In general for wage rates above \$7 per hour virtually all unemployed, unskilled Americans were willing to work; for wage rates between \$5.25 and \$7 over 80% were willing to work; for wage rates between \$4.25 and \$5.25 over 50% were willing to work; but for less than \$3.25 per hour only 13% were willing to work.

This relationship between the wage offer and the willingness to work shows how important wage depression is in raising the displacement rate. Although the costs of wage depression are not included in our study, the \$106 billion in wage depression due to immigration estimated by George Borjas indicates the importance of its influence on American workers willingness to work. At very low wage rates general assistance, unemployment insurance, AFDC, and medicaid become much more attractive even for those who have a strong work ethic.

**Question 3: The net effects of illegal immigration on American workers is very negative for the low-skilled, uneducated worker, but has overall mixed with some positive effects for more skilled and professional workers.**

Most early large scale and national studies of illegal immigrant displacement looked only at the impact on all American workers skilled and unskilled. Due to the mixing of unskilled and skilled and professional workers, the displacement effect was positive, but small. Only when particular industries were examined did studies focus on the unskilled categories. During the early 1980's and early 1990's broader studies such as my own were done which did focus on the unskilled and they showed a clear interrelationship between numbers of illegal aliens working and the displacement rate of American low-skill workers ranging between 23% and 90% depending upon the phase of the business cycle. More recent econometric studies such as that by Altonji and Card also clearly indicated the interrelationship of either very high labor displacement and/or very high wage depression between illegal aliens and American unskilled workers depending upon the specification of one of four econometric models ( In John Aboud and Richard Freeman, Immigration, Trade and the Labor Market, 1991, p. 221).

A good overview of earlier studies by the General Accounting Office ( April 1986) stated its view in summary form as:

"Our synthesis of data in 46 studies of possible effects suggest widespread displacement of native or legal workers. We found that although illegal alien workers studies were over-represented by Mexicans from the Southwest, and although many were working in agriculture, illegal workers were found in all major categories of industry and occupation. Their presence in agriculture decreased and in other sectors of the economy increased as they became more settled "( p. 18).

In my experience to date, to the extent that studies are specified correctly, and focus on the low-skilled rather than all workers, substantial labor displacement and/or wage depression will invariably show up. It is also my opinion that labor displacement and wage depression are very close substitutes for one another in terms of their similar impact upon the unemployed and working poor as well as upon the net cost of public services.

When we pose the question: why do so many professional and skilled workers minimize the impact of illegal aliens in terms of displacement and public services, I believe the answer can be found largely in the positive economic impacts it has upon them. Comparatively, the working poor and unemployed, and the majority of minorities including Hispanics ( excluding highly politicized groups such as MALDEF, LULAC, and G.I. Forum) and even immigrants themselves wish to limit both illegal and legal immigration because they are injured economically by immigration. Polling data over the past 15 years supports this interpretation.

Economic impact is not the only determining causative factor, but it is probably the most important one. Those, such as Peter Brimelow, who focus on cultural, language and nativity variables are part of a distinct minority

Respectively Yours,

Donald L. Huddle  
Professor Emeritus  
Rice University

U.S. Department of Labor

Employment Information and Labor Affairs  
Washington, D.C. 20310



June 1, 1995

Lamar Smith  
Chairman, Subcommittee on Immigration and Claims  
Committee on the Judiciary  
House of Representatives  
2138 Rayburn House Office Building  
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JUN 08 1995  
FBI

Dear Mr. Smith:

I am writing in response to your letter of May 9th requesting follow-up on my part to two questions you had after my testimony before the subcommittee on April 5th.

- (1) You indicate in your written testimony that a "subset of certain low-skilled workers in specific industries" are most impacted by illegal immigrants. Could you expand on this?

Quantitative research has mostly averaged the impact of unauthorized workers across many metropolitan labor markets and industries. Averages always conceal a lot of information and, we know from case studies, that unauthorized workers have had some adverse effects in industries such as apparel, footwear, or janitorial work. Thus, it is fairly certain that impacts are more significant for low-skilled workers, who bring skills similar to unauthorized workers to the market, in a subset of industries.

Unfortunately, I don't see a systematic body of research on industries or localities that permits us to make truly generalizable or dollar and cents assessments. Yes, we know that the apparel and textile industries appear to be associated with adverse impacts: if not always for U.S. residents then for the migrants themselves. Research has focused on New York City and recent industry movements to the South. Likewise, the movement of meat products to the south appears to involve unauthorized workers who both experience poor working conditions and compete with poor U.S. residents. The computer industry in California's Silicon Valley also employs unauthorized workers who compete with U.S. residents. I believe that there are two major difficulties inherent in most such research and the type of case-methods used to date.

- (A) It is difficult to generalize from case-studies. Consider the following. Hill and Pearce in a 1990 article in the *Journal of Political Economy* (volume 98, pp. 28-44) used the 1980 Census

to estimate unauthorized workers outside of agriculture. Note that this is old data and they use a poor proxy for legal status, namely the non-English speaking foreign population. But it serves to demonstrate how studies that generalize from sectors of known concentration can radically overstate the total effects of unauthorized workers.

Knowing where most unauthorized workers are employed doesn't necessarily translate into where they will have substantial impacts. About 12 % of unauthorized workers are found in the apparel industry where they comprise fully 29 % of apparel's labor force. On the other hand, a further 15 % of unauthorized workers find employment in eating and drinking places, and construction, but they constitute only about 5 % of the labor force in these industries--and are unlikely to have as substantial an impact as in apparel.

Furthermore, case studies that find unauthorized workers have substantial impacts tend to select industries whose labor forces have substantial proportions of unauthorized workers. About 26 % of the industry's labor force in leather and footwear is proxy-unauthorized, 16 % in meat products, 14 % in landscaping, and 8 % in computers. Yet only 5 % of all proxy-unauthorized workers find employment in these industries and generalizing from selected case studies in these industries to the nation, or even to outcomes in other sectors, can misrepresent the impact of the other 95 % of illegals.

(B) It is easy to see why it is incorrect to make extrapolations from research in given cities/industries to different states or even nationwide. In fact, most research is not systematic in the sense that it enables the observer to "add up" the impacts/costs of unauthorized workers, either for the industry or the region. Either responsible researchers have not attempted wild extrapolations, or their methods have not induced them to collect the data to quantify impacts even for the cases they have studied.

Nor are there a large number of studies on many industries that cross-compare results and track outcomes for a number of years. For example, consider the instance in which unauthorized workers displaced unionized black janitors in Los Angeles. Today that sector remains dominated by immigrants and Hispanic residents. But what were the medium to longer-term outcomes for those black workers? It seems likely that they found employment elsewhere, or at least that likelihood cannot be discounted. How do we add up potential adverse outcomes in lieu of such knowledge, especially when there are other extremely powerful forces driving the economy? Without such research it is quite impossible to reach firm conclusions that are amenable to the policy debate.



- (2) Are you satisfied that the studies completed so far accurately measure the labor force effects of illegal immigration?

The aggregate and quantitative studies to date have accurately measured the "small" wage and employment effects of authorized workers. Good estimates of the unauthorized population have been used and the methods of analysis are as good as any available in the social sciences. It is my feeling that the critics of the methods either pose unlikely economic scenarios to "explain away" the findings of small impacts, choose to disbelieve statistical analysis, or expect the methods to supply answers to questions they are not designed to address.

Most quantitative studies have addressed the question of the nationwide effects on an average resident worker. In an economy as large and mobile as that of the United States, with many powerful internal and external forces shaping the labor market, the relatively small nationwide population of unauthorized workers plays a minor role. However reasonable it may be to want disaggregated answers, it is unreasonable to dismiss aggregate results for the clear-cut answers they offer.

Yet, on this latter issue I am not fully satisfied with research so far: accurate or comprehensive research should address sectorwide impacts on specific skill-classes of workers. But it will be difficult for reliable quantitative methods to address other than nationwide effects because data on unauthorized aliens never has been, and may never be, available for localities and industrial sectors. I sincerely hope that some resourceful researcher will derive estimates and creative methods for analyzing impacts relevant to the 1990s. Congress' role at that point may be to decide whether national policy should be driven by adverse impacts in the apparel industry, as well as to consider the costs if the industry moves to other countries.

Sincerely,

B. Lindsay Lowell  
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June 27, 1995

Representative Lamar Smith  
Chairman  
Subcommittee on Immigration and Claims  
U.S. House of Representatives  
2138 Rayburn Building  
Washington, D.C. 20515-6216

Dear Mr. Smith:

We regret the delay in responding to your letter of May 9, 1995 but hope that the following extended analysis of the issue you raise will prove useful in deliberations over your recently proposed immigration reform bill.

*You should note that the following analysis is taken directly from Jeffrey Passel and Rebecca Clark's response to the General Accounting Office's draft report, **Illegal Aliens: National Net Cost Estimates Vary Widely.***

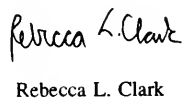
We would be happy to answer any questions that you might have. Finally we note here, as in our testimony before your committee, that our responses are our own and should not be ascribed to the officers or trustees of the Urban Institute.



Michael Fix



Jeffrey S. Passel



Rebecca L. Clark

Attachment

**QUESTION 1: How would you evaluate Dr. Huddle's estimates of the net national costs of immigration?**

Overall, our estimates of net costs differ from those of Dr. Huddle<sup>1</sup> because we disagree with the approach taken on a range of methodological issues:

- the size of the illegal alien population;
- the participation rates of illegal aliens for welfare and other public benefit programs;
- how the costs of general public services should be allocated to immigrants and natives;
- how Social Security costs and benefits should be allocated;
- calculating job displacement rates and costs;
- calculating the local revenues collected from illegal immigrants;
- estimating education costs; and
- the costs of citizen children.

Three general points about cost and revenue estimation for illegal immigrants — or for any other immigrant population need to be made.

First, in this type of analysis, estimates for a reference group (natives or the total population) should be included so that *relative* fiscal impacts can be evaluated and so that the reasonableness of underlying assumptions can be judged. By applying the same methodology to natives and different immigrant groups, both cost and revenue estimates can be judged against administrative data (and adjusted accordingly). We have taken this approach in much of our own work (Passel 1994; Clark 1994; Clark et al. 1994), whereas Huddle makes his estimates for immigrants in a vacuum. Without an estimate of total fiscal impact, a statement that "group X costs \$Y billion more in services than it pays in taxes" is meaningless. In an era of \$200 billion federal deficits, one cannot assume that *any* population group pays its own way. For example, consider the Los Angeles County study of the impacts of immigrants (ISD 1992). This study is one of the few such studies to include natives in its computations of costs and revenues. Recent immigrants were found to generate an annual deficit of \$800 million to the county, implying a large subsidy from natives. However, the report also estimated a net deficit of \$800 million for natives. Commercial interests actually subsidize both natives and immigrants.<sup>2</sup>

Second, analyses like Dr. Huddle's which include selected indirect costs — in this case purported job displacement costs — but which do not include other indirect effects are inherently biased. That is, only one side of the indirect ledger (costs) is included. Indirect

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<sup>1</sup> Our most detailed evaluation of Dr. Huddle's work is based on his estimates for 1992 (Huddle (1993). However, his more recent estimates for 1993 (Huddle 1994a) and 1994 (Huddle 1995) use essentially the same methods.

<sup>2</sup> A more thorough discussion of the accounting issues can be found in Clark and Passel (1993). This review also found that the deficits were closer to \$600 million for recent immigrants and \$1 billion for natives.

costs and benefits are much more difficult to quantify than the direct governmental impacts. There are, however, many others besides job displacement; a partial list would include:

- wage suppression (cost);
- failure of certain industries to mechanize and modernize (cost);
- creation of jobs for natives supporting the work done by illegal immigrants and through the multiplier effect of consumer spending by illegal immigrants (benefit);
- retention of industries and jobs in the United States (benefit);
- benefits accruing to employers, land owners, landlords from employing and renting to illegal immigrants (benefit);
- savings to consumers on goods produced by illegal immigrants (benefit).

Third, *virtually all studies* of the costs of undocumented aliens are based on indirect estimation methods.<sup>3</sup> However, reliance on indirect methods does not, by itself, invalidate the estimates or require that the reasonableness of assumptions be unknown or untestable. It is still possible to evaluate the quality of many underlying assumptions. For example, in the Passel-Clark work, estimates are made not only for undocumented aliens, but for legal immigrants and natives as well. We then check to make sure that the total benefits used (and total taxes paid) equal the actual amounts expended (or collected). Studies without this external "reality check" should be viewed with extreme caution.

We turn now to specific areas of difference between our work and that of Dr. Huddle.

### Size of Population

We contend that Huddle's estimates of the number of undocumented aliens in the United States as of October 1992 — 4.8 million — are too high. Our own analysis is supported by the two most widely accepted estimates of the number of undocumented aliens in the United States. According to official INS estimates, in October 1992, there were approximately 3.4 million undocumented aliens in the United States (Warren 1994). According to official U.S. Bureau of the Census estimates, there were 3.5–4 million undocumented aliens in April 1994 (Fernandez and Robinson 1994).

Using reasonable, supportable estimates of the size of the undocumented population is crucial because all of the estimates of fiscal impacts are directly proportional to the numbers of illegal immigrants; that is, if Huddle's population estimate is 50 percent too high, then his cost estimate is also 50 percent too high, even without correcting any other errors.

We should note, however, that our differences with Huddle over the number of illegal (and legal) immigrants do *not* account for the differences in our estimates of net costs. In our published estimates (Fix and Passel 1994; Passel and Clark 1994) and our recent testimony (Fix and Passel 1995), we use Huddle's population estimates for comparative purposes.<sup>4</sup>

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<sup>3</sup> One extremely rare example of a direct estimate is Clark's (1994) estimate of food stamp use by immigrants, which relies on Food Stamp Quality Control data. (See below.)

<sup>4</sup> Huddle (1994b) is mistaken in claiming that differences between the Urban Institute's estimates and his over the number of immigrants accounts for *any* of the difference in cost estimates.

### Eligibility for Federal Benefits

A key issue in estimating the fiscal impacts of illegal aliens is estimating the degree to which this group uses federal, state, and local government services. In the area of social programs, both Huddle and the Urban Institute's estimates of usage rates are based on data from the 1990 Census. Yet, they differ significantly in the way immigrants, and particularly illegal immigrants, are treated. Specifically, the Urban Institute's studies attempt to match census data to particular immigrant groups — e.g., data for recent immigrants from southeast Asian countries, Cuba, and selected eastern European countries are used to represent refugees; data for recent immigrants from Mexico and other major source countries, to represent illegal immigrants. Huddle, on the other hand uses the same data for the entire foreign-born population to represent each different group of immigrants. This method has the effect of overstating usage of social services for illegal immigrants since refugees, elderly immigrants, and long-term foreign-born residents are the heaviest users of welfare, not immigrants from the countries which are the major sources of illegal immigration. Additionally, Huddle uses the same basic rates and multipliers for all programs, even age-related programs. Since working-age immigrants, notwithstanding their low incomes, appear to have much lower than average usage rates, even in the programs for which they are eligible (Fix and Passel 1994b), such assumptions overstate the degree to which immigrants use many programs and the costs associated with this use.

Huddle's estimates are based on a welfare "multiplier," which he applies to many different programs, both welfare and non-welfare. Given the importance of this method for the overall estimate of costs associated with illegal immigrants, it is worthwhile to describe how this "multiplier" is derived and to critically evaluate it.<sup>5</sup> The main problems associated with Huddle's multiplier are as follows:

- Huddle applies his multiplier incorrectly. The multiplier is the ratio of use of welfare by immigrants to use of welfare by natives. Huddle then derives program-specific estimates of usage by multiplying the welfare use rate for the *U.S. population overall* times this multiplier. Because the denominator of the multiplier is use by natives and not the total population, this methodology systematically overstates welfare use by immigrants, even if all underlying assumptions are correct.
- Huddle assumes all immigrants have the same rates of welfare use and receive, on average, the same amount in benefits. Although Huddle does sometimes take into account eligibility criteria and assumes that illegal immigrants do not use most programs for which they are ineligible, when he does assume that illegal immigrants use a program, he assumes they use it at the same rate as all other immigrants. Clark's (1994) and Fix and Passel's (1994b) analyses show that, to the contrary, welfare use and benefit levels differ significantly across immigrant groups (illegal immigrants, refugees, and other legal immigrants).
- Huddle's welfare multiplier is constructed in such a way that welfare use by native-born children is attributed to foreign-born parents. While this may

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<sup>5</sup> A detailed critique of Huddle's multiplier methodology can be found in "The Costs of Providing Public Assistance and Education to Immigrants" (Clark 1994).

arguably be a reasonable assumption, Huddle then double counts this usage by making a separate estimate for U.S.-born children of illegal immigrants. (See below.)

- Huddle fails to check the accuracy of his estimates by comparing his estimates of the total amount allocated to program users (1970 and later entrants, pre-1970 immigrants, and natives) to the actual amounts spent according to administrative sources. (See discussion above regarding "Indirect Estimation.")
- Huddle applies the welfare-use multiplier to non-welfare programs. Clark (1994) checked the validity of applying this multiplier to non-welfare programs by comparing Huddle's estimates of food stamp use by immigrants with Food and Nutrition Service (FNS) data based on actual use of food stamps by immigrants, not indirect estimates based on 1990 Census data. This analysis reveals that Huddle's methodology results in an overestimate of more than \$1.2 billion for the costs of providing food stamps to immigrants. For the school lunch program, Huddle's method *underestimates* expenditures on undocumented aliens because the multiplier assumes that undocumented alien children are no more likely to be from low-income families than other immigrant children. Other program estimates that may be affected by such erroneous application of the welfare-use multiplier include Medicaid, housing assistance, low-income energy assistance, job training, WIC, elderly nutrition programs, and Head Start.

### Costs for General Public Services

The component of costs Huddle labels as "County costs" and "City costs" includes virtually all governmental costs not included elsewhere, regardless of whether the services are delivered to individuals or not. Some of these costs include the costs of salaries for public elected officials, the costs of police protection and garbage pick-up for businesses, and many others that would be incurred even if there were no illegal aliens in the country. Thus, many of these cost elements should not be included in the estimation procedure.

Huddle's estimate of city and county costs also seems to include a significant error. According to his footnote explaining net city and county costs, these estimates are

...a population-weighted average of the following expenditure items: *education, public welfare, hospital, health, judicial/legal, corrections*. Added to the preceding items (from July 1993 study) were expenditures on police, fire, libraries, park and recreation, highways, sewerage, financial administration and interest on public debt. (Huddle 1994a: National Exhibit 5, page 8. Emphasis added.)

City and county costs for the italicized items are already included in estimates developed specifically for these items. Thus, Huddle's estimates double count a major portion of costs associated with illegal immigration, including the single largest element of costs — elementary and secondary education.

### Social Security Costs

A major difference between the Urban Institute's study and Huddle's second study is the treatment of Social Security costs.<sup>6</sup> Although our revenue estimates are similar, there are some differences in the underlying assumptions and we believe that Social Security revenues attributable to immigrants are actually at least one-third higher than those estimated with Huddle's method. Specifically, he attributes only one-half of the employer's Social Security taxes to the immigrant employee. However, none of this tax, neither the employer's nor employee's shares, would be paid if the employee were not present. Thus, we argue that the full Social Security tax collected from the employee and employer should be attributed to the immigrant.<sup>7</sup>

Huddle's method for calculating Social Security costs is to allocate the total benefits paid to retirees in 1993 across the different immigrant groups (illegal immigrants, amnesty immigrants, and legal immigrants) in proportion to each group's share of the labor force. This method has been interpreted as the "present value of future benefits" that illegal aliens will collect. We do not believe that Huddle's method represents a sound estimate of what it purports to estimate; a full computation of present value must take into account not only the immigrants earnings and likelihood of collecting Social Security, but myriad other factors which are omitted, including years in the United States, immigrants' ages, and probability of emigrating. A fairer allocation of current Social Security costs (and one consistent with all other costs and revenues in the study) would be to allocate the costs according to the proportion the population aged 65 and over in each immigrant and native population group. Using this method, Huddle's estimate implies that, on average, every illegal immigrant aged 65 or over is collecting roughly \$68,000 per year in Social Security benefits.

Although we believe that the different estimates of Social Security costs represent more than simply conceptual differences ("current accounts" versus "present value"), it is important that cost and revenue estimates be done on a consistent basis. Use of present value for only this one component is, we believe, unwarranted when all other costs and revenues are calculated on the basis of current accounts. Using present value for Social Security costs inflates this cost component substantially. The present value approach is an interesting one, but if fully applied, it would require estimating the present value of future tax revenue attributable to the increased education received by immigrants, for example. It might also require estimating the additional revenue from immigrants attributable to education received outside the country at no cost to U.S. taxpayers.

Overall, we assume that undocumented aliens use of Social Security benefits is minimal. Two factors underlie this assumption. First, any illegal alien who is over age 65 and has been working in the United States long enough to be eligible for Social Security benefits is likely to have qualified for legalization under various provisions of the Immigration Reform and Control Act of 1986 (IRCA). Second, to our knowledge, there is no evidence that

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<sup>6</sup> The first Huddle study (1993) did not include Social Security at all.

<sup>7</sup> This same argument can be made with regard to unemployment insurance. Here Huddle counts the full cost of unemployment benefits paid to immigrants as a cost, but *none* of the taxes (premiums) paid by employers on behalf of their employees is considered in the revenues, even though the tax would not be paid if the employees were not there.

undocumented aliens aged 60 and older are collecting non-negligible amounts of Social Security. Unless there is evidence that such fraud exists, our assumption remains the most reasonable.

### **Job Displacement**

A major area of difference between our costs estimates and those of Huddle relates to the extent and cost of displacement of native workers by illegal aliens. As we have discussed elsewhere, the work of other researchers does not support his claim of a 25 percent displacement rate. Indeed, most recent studies using national level, aggregate data indicate that job displacement by illegal aliens is either small or non-existent. (See, for instance, Borjas 1994.) Our own position — that job loss caused by undocumented aliens is probably offset by job creation directly or indirectly by undocumented aliens — is completely consistent with all mainstream studies on this topic. (See also discussion above regarding indirect costs and benefits.)

### **Local Revenues**

One area where the Urban Institute's revenue estimates are lower than Huddle's (1994a) newer estimates is locally-generated tax revenue. The Urban Institute's revenue estimate includes all sales tax revenue, but only that share of property tax estimated to be attributable to residential property, whereas Huddle attributes some share commercial property tax revenue to immigrants. Furthermore, the Urban Institute's property tax estimates discount immigrant revenues collected on rental property, effectively assuming that immigrants do not own rental property. These assumptions, which are consistent with earlier studies (ISD 1992) account for part of the difference between Huddle's estimates and the Urban Institute's.

### **Education Estimates**

Our estimates of education costs are significantly lower than Huddle's. We have written extensively on this topic (Clark et al. 1994; Clark 1994) and our methodology has been endorsed by OMB, GAO (1994), and the State of California (Romero et al. 1994), among others.

The method we use involves estimating four factors, which are multiplied together: the size of the illegal alien population; the proportion of illegals who are of school age; the proportion of the school-aged illegal alien population enrolled in school; and the average cost per enrolled student. Huddle's method is similar, but we differ in how the factors are estimated. Because of the importance of these estimates, we highlight three examples of the problems with his estimates that are particularly noteworthy:

- Huddle's enrollment rates for illegal immigrants are undoubtedly too high because he bases his estimates on data for Asian/Pacific Islanders and Hispanics in Los Angeles County, groups that includes not only undocumented aliens, but natives and legal immigrants — groups which are likely to have higher enrollment rates than illegal aliens (ISD 1992: 62). As a State of Texas report states, "A large portion of the undocumented children age[d] 14-17 come to the U.S. with the intent to work, and not to attend school. Additionally, undocumented children are drawn away from U.S. schools to work as they grow older. Thus older children have lower [enrollment] rates." The report



also states that enrollment among undocumented alien children may be low due to "migration by parents, and lower enrollment rates during their first year in the U.S." (Texas Office of Immigration and Refugee Affairs 1993: unpagd).

- Huddle's estimates of the number of undocumented aliens in public school are too high because he applies public school enrollment rates for individuals aged 5-17 (ISD 1992:62)<sup>8</sup> to the population aged 5-19. In other words, he assumes that 18- and 19-year olds are just as likely to be in school as children aged 5-17. According to Census data, this is not true and, as the quotation from the Texas Office of Immigration and Refugee Affairs suggests, it is especially likely to be untrue for undocumented aliens.
- Huddle's estimate of average student costs are too high because he makes a calculation error. Huddle bases his enrollment estimates on National Center for Education Statistics (NCES) data on the number of students *enrolled in the fall*. However, his estimate of average per pupil costs is based on NCES data on average expenditure per pupil *in average daily attendance*. Using expenditure per student in average daily attendance is inconsistent and, furthermore, inflates cost estimates because the average cost per student in average daily attendance is higher than the average cost per student enrolled in the fall.

### Costs for Citizen Children of Illegal Aliens

Huddle includes the costs of U.S.-born citizen children of undocumented aliens. The Urban Institute does not. There is no consensus about how to treat expenditures for these children. The major argument against including them is that they are U.S. citizens. The major argument for including them is that, if their mothers had not been illegally in the United States at the time of the children's births, the children would not have been born here and, therefore, would not be accruing expenses. The problem with this latter argument is that all children are assigned the legal status of their mothers — the role of *fathers* is completely ignored. If the fathers of these children are U.S. citizens or legal residents, then the children would be U.S. citizens, regardless of the legal status of their mothers. There is evidence that a large and increasing number of households contain both undocumented alien and legal immigrant parents (Chavez 1991), so this estimation problem is probably too large to simply be ignored.

Another problem with estimating the costs of the U.S.-born children of undocumented aliens is that there is very little data, and virtually no agreement among analysts, about the numbers of these children. Before any estimates of the costs of these children are accepted, the estimation procedures used must be rigorously examined.

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<sup>8</sup> The ISD rates are calculated using 5-17 as the age range for public school attendance: "School participation rates, which took into account drop out rates, were estimated by comparing the age 5-17 census population for 1990 with the 1989-90 public school enrollment figures" (ISD 1992:62).

**QUESTION 2. Do illegal aliens produce a net national fiscal cost because they use more benefits or pay less taxes than legal immigrants?**

The fiscal deficit ascribed to illegal immigrants owes principally to the fact that illegal aliens have lower incomes than legal immigrants. Because of their low incomes and lower than average compliance rates, illegal immigrants pay lower taxes than legal immigrants. In fact, the level of public benefits use by illegal immigrants is lower than other immigrants.

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### APPENDIX 3.—STATEMENT OF DRS. C.R. WINEGARDEN AND KRISTEN KEITH, DEPARTMENT OF ECONOMICS, UNIVERSITY OF TOLEDO

We appreciate this opportunity to report the initial findings of our current research on the labor-market effects of immigration--legal and illegal--into the U.S.

This study pertains to a sample of male U.S. citizens, aged 28 through 36, and in low-skill occupational categories (operatives, laborers, and service workers). As low-skill individuals, they may be especially vulnerable to competitive pressures in the labor market.

#### Data and Method

For this investigation, we utilized a unique combination of recently-available data sets. First, we have the results of the 1993 round of interviews with participants in the National Longitudinal Survey of Youth, which has tracked the employment and earnings history of a sample of young people in the U.S. since 1979. Second, through the courtesy of the U.S. Immigration and Naturalization Service, we have obtained estimates, by state, of undocumented immigrants living in the U.S. as of October, 1992, and of previously undocumented immigrants legalized under IRCA. We also summed legal immigration by state of intended residence, for the twelve years ending in fiscal 1993, to provide a measure of recent legal inflows.

Drawing on these data sets, we constructed two complementary measures of immigration: total immigration (the sum of the three categories) as a percent of each state's population; and illegal immigration (undocumented immigrants plus IRCA legalizations) as a percent of total immigration to each state. We then devised and tested an econometric model relating each individual's 1992-93 wage and employment experience and his "human capital" characteristics (such as schooling and work experience) to the relative size of total immigration and the illegal component (including IRCA legalizations) for the state where the individual resided. Separate estimates were made for whites, blacks, and Hispanics, as well as for the pooled sample.

### Findings

The main findings of this study, to date, are summarized below and in the accompanying Table.

**Table. Estimated Percentage Effects of Immigration on the Hourly Earnings and the Annual Hours of Work of Male U.S. Citizens Age 28-36 and in Low-skilled Occupations: 1992 - 1993.<sup>a,b</sup>**

Race/Ethnicity	Total Immigration		Illegal Component	
	HOURLY WAGE	ANNUAL HOURS	HOURLY WAGE	ANNUAL HOURS
All races <sup>c</sup>	0.49 (0.57)	-1.16** (0.44)	0.004 (0.11)	-0.0002 (0.12)
Whites	1.03 (0.90)	0.51 (0.74)	0.08 (0.18)	-0.22 (0.19)
Blacks	-0.07 (1.03)	-1.57* (0.78)	0.01 (0.02)	-0.13 (0.21)
Hispanics	1.38 (1.25)	-2.26** (0.77)	-0.55* (0.27)	0.20 (0.27)

<sup>a</sup>Estimation by ordinary least squares. Alternative estimation by instrumental variables estimators for immigration yielded virtually identical results. Standard errors appear in parentheses below the coefficient estimates. Coefficients and standard errors are both expressed as percentages.

<sup>b</sup>The following variables were included in the statistical analysis—a measure of the individual's IQ, age, years of education, years of experience, years of experience with current employer, marital status, migration, union status, occupation, and environmental variables to control for state labor market conditions. "Low skill" consists of the occupational categories of operatives, laborers and service workers.

<sup>c</sup>The sample included 1,366 individuals of which 577 are white (non-Hispanic), 557 are black (non-Hispanic), and 232 are Hispanic.

\*The percentage is statistically different from zero at the 95 percent confidence level; \*\*the percentage is statistically different from zero at the 99 percent confidence level (two-tailed tests).

1. When the race and ethnic categories are combined, the only significant effect is a small reduction in employment (i.e., annual hours of work) attributable to total immigration. This immigration total includes illegal inflows and IRCA legalizations, but there is no indication that the impacts of these groups differ from those of legal immigration.

2. When the sample is disaggregated by race and ethnicity, we find the significant effects limited to blacks and Hispanics. Total immigration significantly reduces annual hours worked for both groups. The estimated reductions, however, are small: an increase of one percentage point in total immigration decreases their employment by an average of about one week per year. The size of the illegal component has no significant effect, apart from its inclusion in the immigration total.

3. Significant effects on hourly earnings are limited to a single category. The illegal component of immigration lowers average hourly earnings of low-skilled Hispanics. Each increase of one percentage point in the relative size of the illegal category of immigrants reduces average pay for these Hispanics citizens of the U.S. by about one-half of one percent. The dearth of other detectable negative effects on hourly earnings suggests that wages of non-Hispanic low-skill workers tend to be "sticky" downward, so that any adjustments that do occur are reflected in employment, i.e., annual hours of work.

### Conclusions

In general, then, the detectable effects of immigration seem to be small, to affect minorities rather than non-Hispanic whites and to be traceable to both illegal and recent legal immigration. Of course, average effects may be very unevenly distributed, entailing prolonged unemployment or markedly lower wages in some cases.

It is important to note certain qualifications to our present findings:

1. The present sample excludes women and males under age 28. These excluded groups, at the low-skill levels, may be markedly more vulnerable to the competitive pressures of immigration.

2. The wage and employment experience covered in the present survey coincides with the exceptionally favorable labor-market conditions of late 1992 and early 1993. The competitive effects of immigration might be greatly intensified in the event of a deteriorating economic environment.

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